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**State:** Pennsylvania **Filing Company:** Genworth Life Insurance Company  
**TOI/Sub-TOI:** LTC03G Group Long Term Care/LTC03G.001 Qualified  
**Product Name:** 2020 Group Rate Request (7046)  
**Project Name/Number:** 2020 Group Rate Request (7046)/2020 Group Rate Request (7046)

## Filing at a Glance

Company: Genworth Life Insurance Company  
Product Name: 2020 Group Rate Request (7046)  
State: Pennsylvania  
TOI: LTC03G Group Long Term Care  
Sub-TOI: LTC03G.001 Qualified  
Filing Type: Rate - Other (Not M.U. or G.I. Product)  
Date Submitted: 07/10/2020  
SERFF Tr Num: GEFA-132417390  
SERFF Status: Submitted to State  
State Tr Num: GEFA-132417390  
State Status: Received Review in Progress  
Co Tr Num: 7046 ET AL  
  
Implementation: On Approval  
Date Requested:  
Author(s): Richard Cromwell, Ronald Jackson, Camisha Jones  
Reviewer(s):  
Disposition Date:  
Disposition Status:  
Implementation Date:

### State Filing Description:

Proposed 65.1% increase on 3,692 PA policyholders of Genworth's group LTC form 7046.

**State:** Pennsylvania  
**TOI/Sub-TOI:** LTC03G Group Long Term Care/LTC03G.001 Qualified  
**Product Name:** 2020 Group Rate Request (7046)  
**Project Name/Number:** 2020 Group Rate Request (7046)/2020 Group Rate Request (7046)

**Filing Company:** Genworth Life Insurance Company

## General Information

Project Name: 2020 Group Rate Request (7046)  
Project Number: 2020 Group Rate Request (7046)  
Requested Filing Mode: Review & Approval  
Explanation for Combination/Other:  
Submission Type: New Submission  
Group Market Type: Employer  
Filing Status Changed: 07/10/2020  
State Status Changed: 07/11/2020  
Created By: Ronald Jackson  
Corresponding Filing Tracking Number:  
State TOI: LTC03G Group Long Term Care

Status of Filing in Domicile: Not Filed  
Date Approved in Domicile:  
Domicile Status Comments:  
Market Type: Group  
Group Market Size: Small and Large  
Overall Rate Impact: 65.1%  
  
Deemer Date:  
Submitted By: Ronald Jackson  
  
State Sub-TOI: LTC03G.001 Qualified

### Filing Description:

RE:Genworth Life Insurance Company (GLIC)  
Company NAIC No: 70025  
Policy Forms: 7046 et al

The referenced filing is a Long Term Care (LTC) rate schedule change request submitted for your review and applies to the referenced policy forms.

In this filing, GLIC requests a premium rate increase of 65.1% on the above-mentioned policy forms. In the submitted actuarial memorandum, we include detailed rate increase justification and we demonstrate that this premium rate increase satisfies Long Term Care regulatory requirements of Pennsylvania and the Rate Stability regulation.

GLIC will offer insureds affected by the premium increase several alternative options to change their benefits in order to maintain a premium rate level reasonably similar to what they were paying prior to the rate increase. The benefit and rate combinations are consistent with the rate tables approved by the Department. Details on the available alternative options are presented in section 6 of the Actuarial Memorandum.

Thank you for your assistance in reviewing this filing.

## Company and Contact

### Filing Contact Information

Ronald N. Jackson, Contract Analyst  
Product Compliance  
P O Box 27601  
Richmond, VA 23261-7601

ronald.jackson@genworth.com  
804-289-6725 [Phone]  
804-281-6916 [FAX]

**State:** Pennsylvania **Filing Company:** Genworth Life Insurance Company  
**TOI/Sub-TOI:** LTC03G Group Long Term Care/LTC03G.001 Qualified  
**Product Name:** 2020 Group Rate Request (7046)  
**Project Name/Number:** 2020 Group Rate Request (7046)/2020 Group Rate Request (7046)

**Filing Company Information**

Genworth Life Insurance Company  
6610 W Broad Street  
Richmond, VA 23230  
(804) 281-6600 ext. [Phone]

CoCode: 70025  
Group Code: 4011  
Group Name:  
FEIN Number: 91-6027719

State of Domicile: Delaware  
Company Type: LifeHealth &  
Annuity  
State ID Number:

**Filing Fees**

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? Yes  
Fee Explanation: DE, the domiciliary state, requires \$100 for a rate filing.  
Per Company: Yes

Company	Amount	Date Processed	Transaction #
Genworth Life Insurance Company	\$100.00	07/10/2020	180640131

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)		

## Correspondence Summary

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Actuarial Memorandum and Explanatory Information (A&H)	Ronald Jackson	07/10/2020	07/10/2020
Supporting Document	Actuarial Memorandum (Public)	Ronald Jackson	07/10/2020	07/10/2020

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
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## Amendment Letter

Submitted Date: 07/10/2020

Comments:

We are providing updated actuarial memorandums.

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA 7046 Employer Group Confidential Memo 20200710.pdf PA 7046 Employer Group Memo Exhibits 20200710.xlsx
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Memorandum and Explanatory Information (A&amp;H)</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>PA 7046 Employer Group Confidential Memo 20200710.pdf PA 7046 Employer Group Memo Exhibits 20200710.xlsx</i>

<b>Satisfied - Item:</b>	Actuarial Memorandum (Public)
<b>Comments:</b>	The forms attached here support the Explanation of Variability.
<b>Attachment(s):</b>	PA 7046 Employer Group Public Memo 20200710.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Memorandum (Public)</i>
<b>Comments:</b>	<i>The forms attached here support the Explanation of Variability.</i>
<b>Attachment(s):</b>	<i>PA 7046 Employer Group Public Memo 20200710.pdf</i>

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	Paper
<b>SERFF Tracking Number of Last Filing:</b>	N/A

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Genworth Life Insurance Company	65.100%	65.100%	\$2,769,625	3,692	\$4,254,416	65.100%	65.100%

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Addendum to Actuarial Memorandum	7046POL et al	Revised	Previous State Filing Number: N/A Percent Rate Change Request: 65.1	PA 7046 Employer Group Rate Tables Appendix A 20200710.pdf, PA 7046 Employer Group Rate Tables Appendix B 20200710.pdf,

## Appendix A

Genworth Life Insurance Company  
Current-Year PremiumsForm: 7046 et al  
Monthly Premiums per \$10 Daily Benefit

## Group

## 365 x Daily Maximum

	No BIO
Age	90 EP
18	0.65866
19	0.68895
20	0.72062
21	0.75376
22	0.78841
23	0.82466
24	0.86258
25	0.90224
26	0.94372
27	0.98712
28	1.03252
29	1.08001
30	1.12968
31	1.18164
32	1.23599
33	1.29283
34	1.35228
35	1.41447
36	1.47951
37	1.54755
38	1.61559
39	1.68663
40	1.76078
41	1.83820
42	1.91902
43	2.00521
44	2.09527
45	2.18938
46	2.28771
47	2.39046
48	2.54932
49	2.71873
50	2.89940
51	3.09208
52	3.29756
53	3.53473
54	3.78896
55	4.06148
56	4.35360
57	4.66673
58	5.05666
59	5.47916
60	5.93697
61	6.43302
62	6.97052
63	7.77428
64	8.67071
65	9.67051
66	10.84025
67	12.02925
68	13.25382
69	14.51584
70	15.94572
71	17.51644
72	19.24189
73	21.12149
74	23.18470
75	25.44944
76	27.93541
77	30.66422
78	33.65958
79	36.94755



## Appendix B

Genworth Life Insurance Company  
65.1% Increase to Current-Year Premiums

Form: 7046 et al  
Monthly Premiums per \$10 Daily Benefit

## Group

365 x Daily Maximum

	No BIO
Age	90 EP
18	1.09
19	1.14
20	1.19
21	1.24
22	1.30
23	1.36
24	1.42
25	1.49
26	1.56
27	1.63
28	1.70
29	1.78
30	1.87
31	1.95
32	2.04
33	2.13
34	2.23
35	2.34
36	2.44
37	2.56
38	2.67
39	2.78
40	2.91
41	3.03
42	3.17
43	3.31
44	3.46
45	3.61
46	3.78
47	3.95
48	4.21
49	4.49
50	4.79
51	5.11
52	5.44
53	5.84
54	6.26
55	6.71
56	7.19
57	7.70
58	8.35
59	9.05
60	9.80
61	10.62
62	11.51
63	12.84
64	14.32
65	15.97
66	17.90
67	19.86
68	21.88
69	23.97
70	26.33
71	28.92
72	31.77
73	34.87
74	38.28
75	42.02
76	46.12
77	50.63
78	55.57
79	61.00

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Transmittal Letter (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA 7046 Employer Group Cover Letter 20200710.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Certification (A&H)
<b>Comments:</b>	The certification is a part of the actuarial memorandum.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA 7046 Employer Group Confidential Memo 20200710.pdf PA 7046 Employer Group Memo Exhibits 20200710.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Advertisements (A&H)
<b>Bypass Reason:</b>	Not applicable and/or not required for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Authorization to File (A&H)
<b>Bypass Reason:</b>	There is no third party involved with this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Insert Page Explanation (A&H)
<b>Bypass Reason:</b>	Not applicable and/or not required for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)		

<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Rate Table (A&H)
<b>Comments:</b>	The rate tables are attached to the Rate/Rule Schedule tab, as required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	Not applicable and/or not required for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Advertisement Compliance Certification
<b>Bypass Reason:</b>	Not applicable and/or not required for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Reserve Calculation (A&H)
<b>Comments:</b>	Any applicable reserve calculations are included in the actuarial memorandum and/or supplements.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	Not applicable and/or not required for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Actuarial Memorandum (Public)
<b>Comments:</b>	The forms attached here support the Explanation of Variability.
<b>Attachment(s):</b>	PA 7046 Employer Group Public Memo 20200710.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>SERFF Tracking #:</b>	GEFA-132417390	<b>State Tracking #:</b>	GEFA-132417390	<b>Company Tracking #:</b>	7046 ET AL
<hr/>					
<b>State:</b>	Pennsylvania		<b>Filing Company:</b>	Genworth Life Insurance Company	
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified				
<b>Product Name:</b>	2020 Group Rate Request (7046)				
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)				

***Attachment PA 7046 Employer Group Memo Exhibits 20200710.xlsx is not a PDF document and cannot be reproduced here.***

July 10, 2020

Pennsylvania Department of Insurance

RE: Genworth Life Insurance Company (GLIC)  
Company NAIC No: 70025  
SERFF Tracking No: GEFA-132417390  
Policy Forms: 7046 et al

The referenced filing is a Long Term Care (LTC) rate schedule change request submitted for your review and applies to the referenced policy forms.

In this filing, GLIC requests a premium rate increase of 65.1% on the above-mentioned policy forms. In the submitted actuarial memorandum, we include detailed rate increase justification and we demonstrate that this premium rate increase satisfies Long Term Care regulatory requirements of Pennsylvania and the Rate Stability regulation.

GLIC will offer insureds affected by the premium increase several alternative options to change their benefits in order to maintain a premium rate level reasonably similar to what they were paying prior to the rate increase. The benefit and rate combinations are consistent with the rate tables approved by the Department. Details on the available alternative options are presented in section 6 of the Actuarial Memorandum.

The following electronic items are included in this submission:

- This Cover Letter;
- Confidential Actuarial Memorandum;
- Public Actuarial Memorandum;
- Excel Version of Loss Ratio Exhibits; and
- Current and Proposed Rate Schedules.

Any applicable fees will be submitted as an EFT payment via SERFF.

The contact person for this filing is:

Matthew Haladay, FSA, MAAA  
Assistant Vice President & Actuary  
Genworth Life Insurance Company  
6620 W Broad Street  
Richmond, VA 23230  
Phone: (804) 484-3826  
Matthew.Haladay@genworth.com

Thank you for your assistance in reviewing this filing.

Respectfully,

A handwritten signature in blue ink that reads "Jamala Arland." The signature is written in a cursive, flowing style.

Jamala Arland, FSA, MAAA  
Vice President & Actuary, LTC Inforce Actuarial  
Genworth Life Insurance Company

**Genworth Life Insurance Company**  
**Address: 6620 West Broad Street, Richmond, VA 23230**  
**Company NAIC No: 70025**

**Actuarial Memorandum**  
**July 2020**

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**Policy Form 7046 et al**

## **1. Scope of this Filing**

This filing applies to employer groups of the referenced policy form issued in Pennsylvania between October 2007 and May 2017. Form 7046 is also referred to by ("GLIC") as "Employer Group 7046". This form is no longer being sold.

For all certificates issued in Pennsylvania to which the current filing applies, the following table shows the number of exposed lives by certificates issued and certificates inforce as of December 31, 2019.

	<b>Total Lives</b>
<b>Certificate Lives Issued</b>	4,864
<b>Certificate Lives Inforce</b>	3,692

Genworth North America, an insurance holding company which includes Genworth Life Insurance Company among its affiliated insurers, sponsors a long-term care benefit for all employees, most of whom were written under this policy form and are included in this rate increase.

This filing does not apply to coverages issued under policy form 7046 to members of affinity associations, which were sold through individual licensed insurance agents.

## **2. Purpose of this Filing**

This actuarial memorandum has been prepared to request and support the approval of a premium rate increase in your state.

In this filing, GLIC requests a premium rate increase of 65.1%, applicable to the base rates and associated riders of all inforce certificates referenced in Section 1 of this actuarial memorandum.

Certificate holders with transfer certificates (See Section 9.1) were given a transfer credit that was proportional to their statutory reserves under the previous employer group plan. Premiums for transfer certificates were calculated at the individual's attained age at the time of the transfer and then the transfer credit was applied. The proposed rate increase will only apply to the original premium and the transfer credit will remain the same.

We demonstrate that the proposed premium rate increase satisfies the minimum requirements of Pennsylvania and the Rate Stability regulation. This actuarial memorandum may not be suitable for other purposes.

**Genworth Life Insurance Company**  
**Address: 6620 West Broad Street, Richmond, VA 23230**  
**Company NAIC No: 70025**

**Actuarial Memorandum**  
**July 2020**

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### **3. Justification of the Premium Rate Increase**

From the time this policy form was originally priced, GLIC has monitored and analyzed the impact of its experience on the projections and lifetime loss ratios. GLIC has observed that emerging experience continues to unfold unfavorably, and assumptions and methodologies have been adjusted to that effect. Emerging experience had continued to deteriorate, but several of the groups had contractual rate guarantees for ten years or less, which were considered; a rate increase request is being filed now that these rate guarantees have expired.

The original pricing loss ratio including all certificates (See Section 9.1) is 88.6% and the current best estimate loss ratio excluding transfer certificates (See Section 9.1) is 115.6%. Actual historical experience combined with revised best estimate assumptions have resulted in Lifetime Loss Ratios significantly greater than what was anticipated at pricing, driven by the future expectation of our morbidity experience, and therefore a rate increase is justified.

Section 10(B)(2)(d) of the NAIC Model Regulation recommends using no less than 10% margin for Moderately Adverse Experience ("MAE"). The original priced lifetime loss ratio including the recommended MAE is 97.5%. The current lifetime loss ratio reflecting new best estimate assumptions is 115.6%. Since 115.6% is greater than 97.5%, MAE has been exceeded and the rate increase is justified.

If experience emerges as currently expected, timely implementation of the requested premium rate increase should prevent the need for future premium rate increases. However, if rate increases are delayed due to late approvals, less future premium capacity remains in these blocks to absorb the rate increase. As a result, a higher percentage future premium rate increase must be applied to fewer certificate holders in order to obtain the target Lifetime Loss Ratio consistent with applicable regulation. It is our intent to act in a timely manner, work diligently with regulators to obtain approval for the proposed rate increase, and seek to avoid more significant premium rate increases when the average certificate holder's attained age is higher.

### **4. Marketing Method and Underwriting Description**

Group policies were established with employer policyholders, by GLIC, either directly with the employer and/or through a benefit administrator or employee benefit broker. Eligible individuals under the auspices of the employer's benefit plan enrolled directly with GLIC, primarily through an enrollment website, and were issued a certificate of coverage. This form was initially marketed to employers in 2005, but no new employer policies have been placed since 2015. New employees of employer group plans issued prior to 2015, could enroll in many of these plans through December of 2016, and some certificates were not issued until 2017. Employees were issued certificates on a guaranteed issue or modified guaranteed issue basis.

Other eligible individuals, such as employee spouses/partners, parents, adult children and retirees (as defined by the group policyholder) primarily enrolled with full medical underwriting.



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The underwriting process for these individuals included an assessment of functional and cognitive abilities at issue ages considered to be appropriate. Various underwriting tools were used, in accordance with our underwriting requirements, including an application, medical records, an attending physician's statement, paramedical exam, telephone interview and/or face-to-face assessment.

## **5. Description of Benefits**

This plan is a Guaranteed Renewable, tax-qualified group long term care insurance policy. This is a comprehensive product with benefits payable on a daily or monthly basis. These forms require an insured to meet benefit eligibility requirements that are triggered by Activities of Daily Living ("ADL") deficiencies or severe cognitive impairment. This plan was offered to employers with both contributory (voluntary) and non-contributory (core) premium options. The range of available daily or monthly benefits, benefit periods, and elimination period and certain benefits and riders were determined by the employer, and the plan design was detailed in the employer's policy. Eligible participants chose amongst the employer's pre-determined available coverage amounts and benefit periods.

The following benefits are included in the certificate:

- Nursing Facility Benefit
- Assisted Living Facility Benefit
- Home and Community Care Benefit
- Home Assistance Benefit
- Hospice Care Benefit
- Respite Care Benefit
- Alternate Care Benefit
- International Coverage Benefit
- Waiver of Premium Benefit
- Contingent Nonforfeiture
- Future Purchase Options Benefit
- Care Coordination Services
- Bed Reservation Benefit

The following benefits and riders are optional:

- Informal Care Benefit -- determined by the employer
- Return of Premium on Death Benefit -- determined by the employer
- Automatic Inflation Protection – Compound Annual Increases
- Automatic Inflation Protection – Compound Annual Increases to Age 70 or Age 75
- Automatic Inflation Protection – Simple Annual Increases
- Automatic Benefit Increase Rider – Age Adjusted Protection: Compound through Age 65 and Simple Thereafter
- Automatic Benefit Increases – Age Adjusted Protection: Ages 61 and 76
- Automatic Benefit Increases – Compound Annual Increases to Age 76 Rider

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**Address: 6620 West Broad Street, Richmond, VA 23230**  
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- Nonforfeiture Benefit Rider -- determined by the employer or offered as an option to the certificate holder

If an optional Benefit Increase Rider was selected by an eligible individual, the provisions of that rider superseded the Future Purchase Options Benefit.

## **6. Alternatives to the Proposed Rate Increase**

GLIC will offer insureds impacted by rate filings several options for mitigating the impact of the rate increase. These options will be provided in the certificate holder notification letter. In addition, insureds will have the ability to call a dedicated team of customer service representatives that can assist with providing customized quotes for any number of other benefit adjustments.

*Reduced Benefit Options.* Insureds can change any number of benefit features or coverage limits, within the scope of the employer's benefit plan design, in order to maintain reasonably equivalent pre- and post-rate increase premium levels, and the optimal balance of coverage and cost based on their specific needs. The available benefit and rate combinations are consistent with the combinations presented in the rate tables approved by the Department as part of the original filing. To balance coverage and cost considerations, GLIC will offer insureds in their certificate holder notification letter, subject to rate increases on their long term care certificates, up to two customized options to adjust their benefits. These options will reduce the Daily/Monthly Maximum (Facility Care Maximum) amount to 1) fully mitigate the premium increase and 2) mitigate the premium increase by half, unless the existing coverage levels are too low to meet state minimum coverage requirements.

*Other options.* GLIC will offer the applicable nonforfeiture option to each certificate holder. Certificate holders that are eligible for the Contingent Nonforfeiture Option will be presented with that as an option in their notification letter. Certificate holders that have a Nonforfeiture Benefit Rider with their certificate may elect that option. In addition, GLIC will offer an Optional Limited Benefit, already approved for use in Pennsylvania, which provides a paid-up benefit equal to the total of premium paid, less any claims paid if the Contingent Nonforfeiture or Nonforfeiture Benefit Rider are not applicable or viable.

## **7. Premiums**

### **7.1 Renewability**

These certificates are guaranteed renewable for life, as provided for under the terms and conditions of the certificates and the group policy.

### **7.2 Area Factors**

Geographic area factors are not used in rating these certificates.

**Genworth Life Insurance Company**  
**Address: 6620 West Broad Street, Richmond, VA 23230**  
**Company NAIC No: 70025**

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### **7.3 Premium Classes**

Premium rates are unisex, level and payable for life. The premiums vary by issue age, daily benefit, benefit period, elimination period, inflation protection option, enrollment/marketing strategy, case level underwriting, commissions, employee/employer paid, rate guarantee period and any applicable riders selected.

### **7.4 Modalization Rules**

No modal factors were applied to applicable contributions.

### **7.5 History of Previous Rate Revisions**

No prior rate increases have been approved in your state.

### **7.6 Rate Schedule**

Current rate tables have been included in Appendix A. Corresponding rate tables reflecting the proposed rate increases have been included in Appendix B, attached separately. Please note that actual rates implemented may vary slightly from those set forth in Appendices A and B due to implementation rounding algorithms.

### **7.7 Proposed Effective Date**

This rate increase will apply to certificates as soon as administratively possible following a rate increase approval. Certificate holders will be given at least 60-day advance notification of any rate increase. In addition, rate increases will not overlap a group's Future Purchase Options Benefit ("FPO") window. Premium rate increase implementation dates will occur after the FPO window has closed.

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## **8. Actuarial Assumptions**

This filing's assumptions are based on actual GLIC nationwide experience, to the extent they are credible, with adjustments as considered appropriate for future projections, based on expected differences in experience due to either certificate characteristics or underwriting criteria. These are Best Estimate assumptions and do not include any provision for contingency or risk margin.

The actuarial assumptions used to support actuarially justified rate increase filings are materially consistent with those used for GLIC's 2019 Cash Flow Testing ("CFT"), prior to additional Provisions for Adverse Deviation. While base voluntary lapse, mortality, and morbidity assumptions are consistent, some modeling features, such as estimates of policyholder behavior (e.g. benefit reductions) are not identical.

The best estimate assumptions were developed by Genworth's Long Term Care Experience Studies team in collaboration with other Genworth actuaries. Genworth's Assumption Review Committee approved these assumptions. Genworth reviews experience and all assumptions every year in connection with CFT and may obtain third-party reviews when, for example, management considers changes to be material. The 2019 changes to the incidence assumption were reviewed by a national actuarial consulting firm.

In general, the GLIC Employer Group 7046 data is limited, especially at the longest durations and oldest ages. Lapse experience is credible, and the lapse assumptions for this product are based on experience for this product. Mortality, incidence and claim severity experience tends to gain credibility more slowly, so the assumptions for this product are based on experience from GLIC's large individual LTC block, with appropriate adjustments to reflect group differences as discussed below.

Note: GLIC nationwide data includes all the states' data except New York. Genworth nationwide data refers to GLIC nationwide data plus New York data.

### **A. Voluntary Lapse Rates:**

Original: Original assumptions varied by duration and issue age. In addition, lapse rates were increased to reflect claimants that exhaust limited benefit periods.

<b>Lapse Assumptions</b>			
<b>Policy Duration</b>	<b>Issue Ages</b>		
	<b>42</b>	<b>52</b>	<b>62</b>
1	7.5%	6.0%	6.0%
5	6.5%	5.5%	2.5%
10	2.0%	1.5%	1.0%
15	1.5%	1.5%	1.0%
20	1.5%	1.0%	1.0%

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Current Filing: The current best estimate assumption for expected voluntary termination rates for healthy lives was derived from actual GLIC Employer Group 7046 experience. Data through fourth quarter of 2018, with a 6-month lag was used. The 6-month lag allows for a near full reporting of lapses. Healthy lives voluntary termination rates vary by issue age, duration, marital status, underwriting method, inflation protection, and group type (employer paid or employee paid).

The following table is a sample of the healthy lives current lapse rates for cells with guaranteed issue underwriting, no inflation protection option, and employee paid coverage.

<b>Sample Voluntary Lapse Rates – Guaranteed Issue, No BIO, and Employee Paid</b>						
<b>Marital Status</b>	<b>Married</b>			<b>Single</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	7.00%	4.71%	4.09%	9.15%	6.17%	5.35%
<b>2</b>	6.23%	3.31%	2.27%	8.15%	4.33%	2.97%
<b>3</b>	5.19%	3.02%	1.99%	6.80%	3.96%	2.60%
<b>4</b>	4.16%	2.27%	1.33%	5.44%	2.97%	1.74%
<b>5</b>	3.15%	1.67%	1.11%	4.13%	2.19%	1.46%
<b>6</b>	3.09%	1.53%	0.84%	3.98%	1.96%	1.07%
<b>7</b>	3.13%	1.44%	0.84%	3.70%	1.69%	0.98%
<b>8</b>	3.02%	0.85%	0.80%	3.25%	0.91%	0.85%
<b>9</b>	2.13%	0.84%	0.76%	2.21%	0.86%	0.78%
<b>10</b>	2.10%	0.79%	0.72%	2.18%	0.81%	0.74%
<b>11</b>	1.93%	0.75%	0.69%	1.98%	0.77%	0.70%
<b>12</b>	1.77%	0.72%	0.66%	1.79%	0.73%	0.67%
<b>13</b>	1.60%	0.69%	0.64%	1.61%	0.69%	0.64%
<b>14</b>	1.41%	0.64%	0.60%	1.42%	0.64%	0.60%
<b>15</b>	1.23%	0.60%	0.57%	1.23%	0.60%	0.57%
<b>16</b>	1.06%	0.56%	0.53%	1.06%	0.56%	0.53%
<b>17</b>	0.89%	0.52%	0.50%	0.89%	0.52%	0.50%
<b>18</b>	0.73%	0.50%	0.50%	0.73%	0.50%	0.50%
<b>19</b>	0.58%	0.50%	0.50%	0.58%	0.50%	0.50%
<b>20+</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**B. Mortality:**

Original: Original product pricing used the 1994 Group Annuitant Mortality (“GAM”) with selection factors. Mortality rates were increased to recognize claimants that die while on claim.

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Current Filing: The current best estimate assumption for expected mortality rates for healthy lives was derived from actual experience from individual products sold during the same time period due to these products having more mortality experience than the group product. Adjustments for underwriting class and attained age were developed to better fit group experience. Data through fourth quarter of 2018, with a 6-month lag was used to evaluate the fit of the assumption to the group experience. The 6-month lag allows for a near full reporting of deaths. Healthy lives mortality rates vary by issue age, policy duration, gender, and underwriting. Disabled lives mortality rates are excluded from this analysis and are included in claim termination rates below.

The following table below is a sample of the healthy lives current mortality rates for cells with guaranteed issue underwriting, both genders, and issue ages 45, 55 and 65.

<b>Sample Mortality Rates</b>						
<b>Gender</b>	<b>Female</b>			<b>Male</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	0.07%	0.13%	0.20%	0.13%	0.25%	0.39%
<b>2</b>	0.08%	0.15%	0.28%	0.14%	0.28%	0.53%
<b>3</b>	0.08%	0.16%	0.32%	0.14%	0.28%	0.60%
<b>4</b>	0.08%	0.16%	0.35%	0.14%	0.28%	0.65%
<b>5</b>	0.08%	0.16%	0.38%	0.14%	0.28%	0.70%
<b>6</b>	0.08%	0.16%	0.44%	0.14%	0.29%	0.79%
<b>7</b>	0.08%	0.17%	0.49%	0.14%	0.30%	0.87%
<b>8</b>	0.08%	0.18%	0.55%	0.14%	0.31%	0.97%
<b>9</b>	0.09%	0.20%	0.62%	0.16%	0.34%	1.09%
<b>10</b>	0.09%	0.22%	0.70%	0.17%	0.37%	1.20%
<b>11</b>	0.10%	0.28%	0.80%	0.18%	0.48%	1.34%
<b>12</b>	0.11%	0.32%	0.92%	0.20%	0.53%	1.50%
<b>13</b>	0.12%	0.37%	1.08%	0.22%	0.61%	1.70%
<b>14</b>	0.14%	0.43%	1.28%	0.25%	0.71%	1.96%
<b>15</b>	0.16%	0.51%	1.56%	0.29%	0.84%	2.29%
<b>16</b>	0.20%	0.65%	1.92%	0.34%	1.06%	2.71%
<b>17</b>	0.24%	0.80%	2.34%	0.41%	1.30%	3.26%
<b>18</b>	0.30%	1.00%	2.86%	0.49%	1.62%	3.91%
<b>19</b>	0.39%	1.26%	3.50%	0.61%	2.03%	4.64%
<b>20</b>	0.46%	1.46%	4.11%	0.72%	2.46%	5.29%
<b>21</b>	0.59%	1.63%	4.59%	0.95%	2.71%	5.65%
<b>22</b>	0.65%	1.82%	5.12%	1.05%	2.96%	5.99%
<b>23</b>	0.72%	2.02%	5.70%	1.18%	3.21%	6.31%
<b>24</b>	0.78%	2.24%	6.24%	1.31%	3.48%	6.79%

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<b>25</b>	0.85%	2.49%	6.79%	1.46%	3.78%	7.25%
<b>26</b>	0.98%	2.78%	7.49%	1.70%	4.10%	7.84%
<b>27</b>	1.07%	3.10%	8.20%	1.88%	4.42%	8.39%
<b>28</b>	1.20%	3.46%	8.95%	2.08%	4.74%	8.95%
<b>29</b>	1.34%	3.82%	9.49%	2.28%	5.04%	9.49%
<b>30</b>	1.49%	4.22%	9.85%	2.49%	5.35%	9.85%
<b>31</b>	1.65%	4.70%	10.48%	2.73%	5.72%	10.48%
<b>32</b>	1.84%	5.24%	11.07%	2.98%	6.06%	11.07%
<b>33</b>	2.05%	5.81%	11.62%	3.26%	6.40%	11.62%
<b>34</b>	2.29%	6.36%	11.97%	3.54%	6.87%	11.97%
<b>35</b>	2.54%	6.91%	12.36%	3.83%	7.33%	12.41%
<b>36</b>	2.82%	7.58%	13.10%	4.12%	7.89%	13.76%
<b>37</b>	3.13%	8.28%	14.06%	4.44%	8.44%	15.31%
<b>38</b>	3.50%	9.00%	15.28%	4.80%	9.00%	17.03%
<b>39</b>	3.90%	9.50%	16.89%	5.15%	9.50%	18.91%
<b>40</b>	4.35%	9.85%	19.15%	5.48%	9.85%	21.22%
<b>41</b>	4.79%	10.40%	21.92%	5.77%	10.40%	24.78%
<b>42</b>	5.26%	10.95%	25.38%	6.07%	10.95%	29.17%
<b>43</b>	5.85%	11.44%	29.66%	6.43%	11.44%	34.40%
<b>44</b>	6.48%	11.75%	35.14%	6.75%	11.75%	40.62%
<b>45</b>	7.14%	12.07%	42.11%	7.14%	12.17%	48.26%
<b>46</b>	7.74%	12.73%	50.58%	7.74%	13.49%	57.42%
<b>47</b>	8.32%	13.64%	54.44%	8.32%	15.01%	68.64%
<b>48</b>	9.00%	14.79%	58.64%	9.00%	16.70%	73.46%
<b>49</b>	9.70%	16.31%	78.55%	9.70%	18.56%	81.93%
<b>50</b>	10.39%	18.53%	84.67%	10.39%	20.85%	88.30%
<b>51</b>	10.71%	21.28%	91.31%	10.71%	24.35%	95.24%
<b>52</b>	10.75%	24.73%	91.31%	10.75%	28.75%	100%
<b>53</b>	11.07%	29.07%	91.31%	11.07%	33.98%	100%
<b>54</b>	11.34%	34.65%	100%	11.34%	40.22%	100%
<b>55</b>	11.48%	42.01%	100%	11.48%	48.12%	100%
<b>56</b>	11.55%	51.04%	100%	11.55%	57.69%	100%
<b>57</b>	11.80%	55.20%	100%	12.48%	69.53%	100%
<b>58</b>	12.38%	59.73%	100%	14.47%	74.47%	100%
<b>59</b>	13.34%	79.14%	100%	16.98%	81.80%	100%
<b>60</b>	14.88%	85.64%	100%	20.03%	88.32%	100%

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**C. Morbidity:**

The morbidity assumption is composed of three main parts which were developed based primarily on individual GLIC experience - incidence, utilization and claim termination rates. The latter two assumptions are referred to as severity. Claim incidence rates measure the likelihood of a policyholder going on claim. Utilization rates measure the proportion of contractually available benefits that a policyholder uses while on claim, once eligibility requirements have been met. Claim termination rates refers to the length of time that a policyholder stays on claim once benefit eligibility requirements have been met, as measured from the loss date of the claim. Because the benefit utilization and claim termination assumptions vary by original care situs, the morbidity assumption also includes a claim situs mix assumption to split newly incurred claims between Nursing Home ("NH"), Assisted Living Facility ("ALF") and Home Care ("HC") settings.

Original Filing: GLIC did not have significant experience on group long term care before developing this policy. Therefore, original claims costs were developed using industry experience from group policies provided by consultants at LTCG, combined with company LTC data, and actuarial judgment where anticipated benefits and underwriting were different than industry experience.

Current Filing: The three main components of morbidity are incidence, benefit utilization and claim termination rates. The morbidity assumptions were developed based on GLIC individual nationwide experience. All projections are performed from first principles and exhaustions are implicitly recognized.

**1. Incidence Rates:**

The current best estimate assumption for expected incidence rates are derived from actual GLIC individual experience from policies sold during the same time period. Using the individual experience significantly increases the claims experience. Modifiers for differences related to underwriting type and elimination periods were developed to better fit group experience. Data through fourth quarter of 2018 with a 6-month lag was used to evaluate the fit of the assumption. The 6-month lag allows for a near full reporting of claims. Healthy lives incidence rates vary by issue age, policy duration, gender, marital status, and underwriting type.



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The following table is a sample of the healthy lives current incidence rates for insureds with a married status, and guaranteed issue.

<b>Sample Incidence Rates – Married, Guaranteed Issue</b>						
<b>Gender</b>	<b>Female</b>			<b>Male</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	0.02%	0.03%	0.08%	0.02%	0.03%	0.08%
<b>2</b>	0.02%	0.04%	0.12%	0.03%	0.04%	0.12%
<b>3</b>	0.03%	0.05%	0.16%	0.03%	0.05%	0.15%
<b>4</b>	0.03%	0.05%	0.20%	0.03%	0.06%	0.18%
<b>5</b>	0.03%	0.06%	0.25%	0.03%	0.06%	0.22%
<b>6</b>	0.03%	0.07%	0.35%	0.04%	0.07%	0.29%
<b>7</b>	0.03%	0.08%	0.44%	0.04%	0.08%	0.36%
<b>8</b>	0.04%	0.10%	0.56%	0.04%	0.09%	0.45%
<b>9</b>	0.04%	0.12%	0.72%	0.04%	0.11%	0.57%
<b>10</b>	0.05%	0.14%	0.91%	0.05%	0.13%	0.70%
<b>11</b>	0.05%	0.19%	1.23%	0.05%	0.16%	0.96%
<b>12</b>	0.06%	0.22%	1.47%	0.05%	0.19%	1.14%
<b>13</b>	0.06%	0.26%	1.74%	0.05%	0.22%	1.34%
<b>14</b>	0.07%	0.31%	2.03%	0.05%	0.25%	1.55%
<b>15</b>	0.07%	0.36%	2.31%	0.05%	0.28%	1.76%
<b>16</b>	0.08%	0.45%	2.64%	0.06%	0.33%	2.00%
<b>17</b>	0.10%	0.55%	3.06%	0.07%	0.41%	2.38%
<b>18</b>	0.11%	0.67%	3.51%	0.09%	0.50%	2.80%
<b>19</b>	0.14%	0.81%	4.05%	0.12%	0.60%	3.28%
<b>20</b>	0.16%	0.94%	4.66%	0.13%	0.69%	3.78%
<b>21</b>	0.20%	1.17%	5.55%	0.15%	0.87%	4.50%
<b>22</b>	0.23%	1.43%	6.20%	0.17%	1.09%	5.22%
<b>23</b>	0.25%	1.72%	6.90%	0.18%	1.32%	5.98%
<b>24</b>	0.31%	2.02%	7.31%	0.23%	1.55%	6.67%
<b>25</b>	0.36%	2.35%	8.05%	0.28%	1.80%	7.53%
<b>26</b>	0.50%	2.87%	8.89%	0.36%	2.19%	8.40%
<b>27</b>	0.57%	3.36%	9.65%	0.41%	2.64%	9.14%
<b>28</b>	0.64%	3.89%	10.51%	0.46%	3.10%	9.89%
<b>29</b>	0.79%	4.46%	11.10%	0.57%	3.59%	10.55%
<b>30</b>	0.93%	5.09%	11.89%	0.69%	4.09%	11.18%
<b>31</b>	1.18%	6.01%	12.90%	0.89%	4.84%	11.83%
<b>32</b>	1.35%	6.66%	14.03%	1.02%	5.56%	12.30%
<b>33</b>	1.53%	7.37%	15.43%	1.16%	6.32%	12.80%

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<b>34</b>	1.86%	7.75%	17.12%	1.43%	7.00%	13.32%
<b>35</b>	2.22%	8.51%	18.97%	1.71%	7.85%	13.70%
<b>36</b>	2.79%	9.43%	21.28%	2.15%	8.76%	14.07%
<b>37</b>	3.22%	10.26%	22.50%	2.47%	9.53%	14.48%
<b>38</b>	3.69%	11.22%	22.50%	2.81%	10.33%	14.95%
<b>39</b>	4.23%	11.88%	22.50%	3.34%	11.01%	15.51%
<b>40</b>	4.81%	12.78%	22.50%	3.89%	11.69%	16.23%
<b>41</b>	5.67%	13.91%	22.50%	4.66%	12.39%	17.21%
<b>42</b>	6.41%	15.19%	22.50%	5.29%	12.90%	18.77%
<b>43</b>	7.26%	16.77%	22.50%	5.96%	13.46%	21.86%
<b>44</b>	7.91%	18.67%	22.50%	6.71%	14.03%	23.18%
<b>45</b>	8.62%	20.76%	22.50%	7.51%	14.45%	23.18%
<b>46</b>	8.65%	22.62%	22.50%	8.10%	14.88%	23.18%
<b>47</b>	9.32%	22.62%	22.50%	9.03%	15.33%	23.18%
<b>48</b>	10.23%	22.62%	22.50%	10.05%	15.85%	23.18%
<b>49</b>	11.20%	22.62%	22.50%	10.71%	16.46%	23.18%
<b>50</b>	12.35%	22.62%	22.50%	11.40%	17.23%	23.18%
<b>51</b>	13.69%	22.62%	22.50%	12.08%	18.30%	23.18%
<b>52</b>	14.87%	22.62%	22.50%	12.46%	20.05%	23.18%
<b>53</b>	16.31%	22.62%	22.50%	12.84%	23.29%	23.18%
<b>54</b>	18.06%	22.62%	22.50%	13.22%	23.29%	23.18%
<b>55</b>	20.09%	22.62%	22.50%	13.67%	23.29%	23.18%
<b>56</b>	20.09%	22.62%	22.50%	14.16%	23.29%	23.18%
<b>57</b>	20.09%	22.62%	22.50%	14.66%	23.29%	23.18%
<b>58</b>	20.09%	22.62%	22.50%	15.16%	23.29%	23.18%
<b>59</b>	20.09%	22.62%	22.50%	15.72%	23.29%	23.18%
<b>60</b>	20.09%	22.62%	22.50%	16.35%	23.29%	23.18%

**2. Benefit Utilization Rates ("BUR"):**

The BUR is based on a rolling 12 months of paid claim data. The 2019 CFT assumption is consistent with our Disabled Life Reserving assumption used in 3Q2019, except it collapses the variables of diagnosis and daily maximum benefit amount due to modeling constraints.

The assumption is derived from actual Genworth nationwide Long Term Care paid claim experience. The assumption used in GLIC's 2019 CFT is based on claim payment data from 4/1/2018 through 3/31/2019. The utilization rates are segmented by care situs, inflation protection option, benefit period (short-term/mid-term), age at disability and claim duration. The individual assumptions are modified to fit the GLIC Employer Group experience.

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The following table is a sample of existing claims utilization rates for comprehensive coverage with a medium length benefit period and with Future Purchase Option inflation coverage.

<b>Sample Benefit Utilization Rates</b>						
<b>Care Situs</b>	<b>Nursing Home</b>		<b>Assisted Living Facility</b>		<b>Home Care</b>	
<b>Claim Age</b>	<b>70</b>	<b>75</b>	<b>70</b>	<b>75</b>	<b>70</b>	<b>75</b>
<b>Claim Duration</b>						
<b>1</b>	70.54%	78.36%	81.02%	88.10%	39.99%	45.52%
<b>2</b>	70.22%	77.88%	81.19%	88.16%	48.31%	54.92%
<b>3</b>	72.66%	80.67%	75.82%	82.41%	48.62%	55.33%
<b>4</b>	69.08%	76.97%	73.74%	80.43%	51.10%	58.36%
<b>5</b>	64.10%	71.85%	69.67%	76.46%	50.49%	58.01%
<b>6</b>	59.34%	67.08%	65.40%	72.38%	47.95%	55.56%
<b>7+</b>	56.04%	64.05%	62.34%	69.75%	44.73%	52.40%

**3. Claim Termination Rates (“CTR”):**

The current best estimate assumption for claim termination rates is derived from actual Genworth individual nationwide Long-Term Care experience for the period from inception through fourth quarter 2019, with a 6-month lag. We modify the individual assumptions to fit the GLIC Employer Group experience. We applied adjustment factors of 0.80 to duration 1 rates and 0.95 for durations 2 and later rates.

The assumption for existing GLIC Employer Group 7046 claims recognizes the variables of claim situs, benefit period, gender, claim age, original diagnosis, facility care maximum group and duration. The assumption for future claims recognizes the same variables but collapses the original diagnosis and facility care maximum group variables. High terminations in early claim durations are generally followed by a flattening of the curve as acute disabilities terminate due to death or recovery. The remaining lives are permanent, long-term disabilities where recovery is unlikely. Claim terminations at these longer durations are driven by disabled life mortality rates.

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The following table is a sample of CTR for ALF, female, non-lifetime benefit period, comprehensive coverage, disability age 82, for the first 240 monthly claim durations:

Sample Monthly Claim Termination Rates							
Claim Duration	Rate	Claim Duration	Rate	Claim Duration	Rate	Claim Duration	Rate
1	0.68%	61	2.21%	121	2.65%	181	3.24%
2	0.49%	62	2.21%	122	2.65%	182	3.24%
3	0.42%	63	2.21%	123	2.65%	183	3.24%
4	0.90%	64	2.21%	124	2.65%	184	3.24%
5	1.24%	65	2.21%	125	2.65%	185	3.24%
6	1.16%	66	2.21%	126	2.65%	186	3.24%
7	1.12%	67	2.21%	127	2.65%	187	3.24%
8	1.09%	68	2.21%	128	2.65%	188	3.24%
9	1.05%	69	2.21%	129	2.65%	189	3.24%
10	1.04%	70	2.21%	130	2.65%	190	3.24%
11	1.02%	71	2.21%	131	2.65%	191	3.24%
12	0.95%	72	2.21%	132	2.65%	192	3.24%
13	1.38%	73	2.09%	133	2.81%	193	3.45%
14	1.37%	74	2.09%	134	2.81%	194	3.45%
15	1.37%	75	2.10%	135	2.81%	195	3.45%
16	1.37%	76	2.11%	136	2.81%	196	3.45%
17	1.37%	77	2.12%	137	2.81%	197	3.45%
18	1.37%	78	2.13%	138	2.81%	198	3.45%
19	1.37%	79	2.14%	139	2.81%	199	3.45%
20	1.37%	80	2.15%	140	2.81%	200	3.45%
21	1.37%	81	2.16%	141	2.81%	201	3.45%
22	1.37%	82	2.17%	142	2.81%	202	3.45%
23	1.37%	83	2.18%	143	2.81%	203	3.45%
24	1.37%	84	2.19%	144	2.81%	204	3.45%
25	1.53%	85	2.20%	145	2.95%	205	3.58%
26	1.52%	86	2.21%	146	2.95%	206	3.58%
27	1.52%	87	2.22%	147	2.95%	207	3.58%
28	1.52%	88	2.23%	148	2.95%	208	3.58%
29	1.52%	89	2.24%	149	2.95%	209	3.58%
30	1.52%	90	2.25%	150	2.95%	210	3.58%
31	1.52%	91	2.26%	151	2.95%	211	3.58%
32	1.52%	92	2.28%	152	2.95%	212	3.58%
33	1.52%	93	2.29%	153	2.95%	213	3.58%
34	1.52%	94	2.30%	154	2.95%	214	3.58%

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35	1.52%	95	2.31%	155	2.95%	215	3.58%
36	1.52%	96	2.32%	156	2.95%	216	3.58%
37	1.65%	97	2.33%	157	3.06%	217	3.63%
38	1.65%	98	2.34%	158	3.06%	218	3.63%
39	1.66%	99	2.35%	159	3.06%	219	3.63%
40	1.65%	100	2.37%	160	3.06%	220	3.63%
41	1.65%	101	2.38%	161	3.06%	221	3.63%
42	1.66%	102	2.39%	162	3.06%	222	3.63%
43	1.65%	103	2.40%	163	3.06%	223	3.63%
44	1.66%	104	2.41%	164	3.06%	224	3.63%
45	1.65%	105	2.43%	165	3.06%	225	3.63%
46	1.65%	106	2.44%	166	3.06%	226	3.63%
47	1.65%	107	2.45%	167	3.06%	227	3.63%
48	1.65%	108	2.46%	168	3.06%	228	3.63%
49	2.11%	109	2.58%	169	3.16%	229	3.80%
50	2.11%	110	2.58%	170	3.16%	230	3.80%
51	2.11%	111	2.58%	171	3.16%	231	3.80%
52	2.11%	112	2.58%	172	3.16%	232	3.80%
53	2.11%	113	2.58%	173	3.16%	233	3.80%
54	2.11%	114	2.58%	174	3.16%	234	3.80%
55	2.11%	115	2.58%	175	3.16%	235	3.80%
56	2.11%	116	2.58%	176	3.16%	236	3.80%
57	2.11%	117	2.58%	177	3.16%	237	3.80%
58	2.11%	118	2.58%	178	3.16%	238	3.80%
59	2.11%	119	2.58%	179	3.16%	239	3.80%
60	2.11%	120	2.58%	180	3.16%	240	3.80%

**4. Claim Care Situs Mix:**

The current best estimate assumption for claim situs mix is derived from data from first quarter 2011 through fourth quarter 2017, with a 6-month lag. The situs assumption varies by age at disability and first situs. At the lower attained ages, claims are more likely to be for home health care. At the higher attained ages, claims are more likely to be in facility situses.

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The following table is the situs mix assumption for GLIC Employer Group 7046 for selected ages.

<b>Sample GLIC Employer Group 7046 Situs Mix Rates</b>			
<b>Age at Disability</b>	<b>Home Care</b>	<b>Assisted Living Facility</b>	<b>Nursing Home</b>
65	78.71%	7.81%	13.48%
70	73.34%	10.57%	16.09%
75	67.53%	14.98%	17.50%
80	61.71%	19.10%	19.19%
85	56.79%	22.11%	21.10%
90	53.22%	22.95%	23.84%

**D. Expenses:**

Expenses have not been explicitly projected.

**E. Interest:**

A 4.0% interest rate assumption is used to calculate historical, future and lifetime loss ratios. This is the average statutory valuation interest rate for all GLIC policies issued on this form nationwide.

**9. Development of the Proposed Rate Increase**

In developing the proposed premium rate increase, the following has been considered:

- a. Policy design, underwriting, and claims adjudication practices have been considered;
- b. In order to ensure maximum credibility, exhibits are based on all GLIC nationwide certificates through December 31, 2019 for all Employer Group 7046, excluding the transfer certificates. Projected earned premiums and incurred claims are based on the assumptions described in Section 8 of this actuarial memorandum;
- c. The proposed rate increase has been assumed to be implemented in 2021. Our objective is to get closer to the acceptable maximum lifetime loss ratio of 97.5%. The justified rate increase was calculated to bring the lifetime loss ratio with the current assumption and provision for MAE (10%) closer to the acceptable maximum lifetime loss ratio, in compliance with the 58%/85% premium test defined in the Rate Stability regulation;
- d. Lifetime projections of earned premiums and incurred claims are set forth in Exhibit I. Lifetime projections of earned premiums and incurred claims reflecting the proposed rate increase are set forth in Exhibit II;
- e. Compliance of the 58%/85% premium test defined in the Rate Stability regulation has been verified, as demonstrated in Exhibit III; and
- f. Historical and projected earned premiums and incurred claims include provisions for waiver of premium.

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## **9.1 Calculation of the Lifetime Loss Ratios**

This policy form was sold to over 200 employer groups with varying premiums and original pricing loss ratios due to differing Employer Features Factors, also known as Case Factors, that are applied to their premiums. Variations within the Case Factors exist due to underwriting and other factors but are driven mainly due to differences in commissions. To ensure equitable handling of this block and to maximize the credibility, GLIC calculated the original pricing loss ratio for this block by using the weighted average of premium at issue for all employer groups together. The original pricing loss ratio for all certificates is 88.6%.

Approximately 12.5% of the certificates sold (16.5% of in-force certificates) are transfer certificates, i.e., the certificate holders had certificates under a previous employer group plan issued by another carrier that were transferred to GLIC. The history of these policies along with the other policies that were part of the original group prior to the point of transfer was not transferred to GLIC. Therefore, GLIC has excluded these transfer certificates when calculating the current best estimate loss ratio. The current best estimate loss ratio, excluding transfer cases is 115.6%. Including transfer certificates in the current best-estimate loss ratio would only increase the loss ratio leading to a higher justified rate increase.

## **9.2 New Business Premium Rate Comparison**

GLIC has compared premium rates on the referenced policy forms to the new business rates where the policy characteristics are similar. There are differences in benefits, underwriting and other product features between the Employer Group 7046 products and the product form series GLIC currently offers for sale, Policy Form Number 7053CRT. Where possible, adjustments have been made so that new business comparisons are meaningful. These differences affect the rate comparison in the following ways:

Benefit Differences: Benefit periods of five (5) years or longer were available in Employer Group 7046, are not offered in Policy Form Number 7053CRT (no longer marketed). Policies with these benefit differences are not considered to exceed new business rates.

Underwriting: Product Form Number 7053CRT is subject to several underwriting enhancements that did not apply to Employer Group 7046. While these underwriting enhancements are not directly reflected in benefits, they impact both original and new business pricing. GLIC has made a good faith effort to compare these policies and with an adjustment to reflect the differences in underwriting.

Marketing and Distribution: Employer Group 7046 were sold during the peak years of LTC production when sales and distribution channels were in a growing stage; the current environment is the exact opposite, with decreasing sales and distribution outlets. GLIC's lower ratings today also impact the current distribution and the amount of production of the currently marketed product is an insignificant fraction of the Employer Group 7046 business sold.

The current product that GLIC offers has three Inflation Protection Options (No Benefit Increase Option with FPO, 3% Compound and 5% Compound) and 3 Benefit Periods (2-year, 3-year and 4-year).

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Approximately 65% of Employer Group 7046 certificates fall within these categories and less than 5% of these certificates would have higher premiums than the current product if the rate increase is approved in full. Policy form series 7053CRT was priced with a 5-year benefit period, but marketing of this feature and all longer benefit periods were discontinued in 2016. If we compare premiums on certificates with a 5-year benefit period to the 7053CRT 5-year benefit premiums, 95% of Employer Group 7046 certificates would be included, and approximately 9% of Employer Group 7046 certificates would have higher premium rates than the 7053CRT rates.

In accordance with the Rate Stability regulation and the Long-Term Care Rate Stability Practice Note issued by the American Academy of Actuaries in 2012, we believe the differences noted above sufficiently justify a rate level greater than the new business rates for some of the Employer Group 7046 inforce policies in your State. Since GLIC prioritizes rate sufficiency and company solvency, the greater rate level is required in order to certify that, if experience emerges as expected, no further rate increases are anticipated.

#### **10. Active Life Reserves and Claim Liability Reserves**

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2019, have been discounted to the date of incurral of each respective claim and included in historical incurred claims. Incurred but not reported reserve balances as of December 31, 2019, have been allocated to a calendar year of incurral and included in historical incurred claims.

#### **11. Trend Assumptions**

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

#### **12. Future Rate Increases**

Policies to which this premium rate increase filing applies may also be subject to future additional rate increases if the full amount of the rate increase requested in this filing is not approved or if underlying assumptions are not realized and the future experience exceeds a 10% MAE. We defined "exceeds a 10% margin" as any change that results in a lifetime loss ratio greater than projected in Exhibit II of this memorandum.

#### **13. State Average Annual Premiums Based on Exposed Lives**

	<b>State</b>
<b>Before Proposed Rate Increase</b>	\$1,152
<b>After Proposed Rate Increase</b>	\$1,903



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**14. State and GLIC Nationwide Distribution of Business as of December 31, 2019 (Based on Exposed Lives)**

By Issue Age:

<b>Issue Age</b>	<b>State</b>	<b>Nationwide</b>
<b>&lt;25</b>	0.1%	0.7%
<b>25-29</b>	0.6%	1.5%
<b>30-34</b>	2.5%	2.9%
<b>35-39</b>	6.1%	5.5%
<b>40-44</b>	10.0%	8.5%
<b>45-49</b>	16.9%	13.4%
<b>50-54</b>	24.4%	19.8%
<b>55-59</b>	22.3%	23.2%
<b>60-64</b>	13.5%	17.3%
<b>65-69</b>	2.9%	5.5%
<b>70-74</b>	0.7%	1.3%
<b>75+</b>	0.1%	0.3%

By Elimination Period:

<b>Elimination Period in Days</b>	<b>State</b>	<b>Nationwide</b>
<b>60 days</b>	0.0%	3.8%
<b>90 days</b>	100.0%	96.2%

By Benefit Period:

<b>Benefit Period in Years</b>	<b>State</b>	<b>Nationwide</b>
<b>2-Year</b>	3.4%	8.6%
<b>3-Year</b>	64.6%	56.6%
<b>4-Year</b>	0.5%	0.4%
<b>5-Year</b>	31.5%	32.1%
<b>6-Year or Greater</b>	0.0%	2.2%

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By Inflation Protection Option:

<b>Inflation Protection Option</b>	<b>State</b>	<b>Nationwide</b>
<b>None with Future Purchase Option</b>	77.7%	73.9%
<b>3% Compound</b>	10.0%	15.8%
<b>5% Compound</b>	10.1%	6.2%
<b>5% Compound to 70</b>	0.0%	1.1%
<b>5% Simple</b>	2.1%	3.0%
<b>5% Compound to Age 65 – Simple thereafter</b>	0.0%	0.0%

**15. State and GLIC Nationwide Lives, Premiums and Average Age as of December 31, 2019**

	<b>State</b>	<b>Nationwide</b>
<b>Number of Exposed Lives</b>	3,692	51,805
<b>Inforce Annualized Premium</b>	\$4,254,416	\$55,710,335
<b>Average Issue Age</b>	52	53
<b>Average Attained Age</b>	60	61
<b>Number of Groups</b>	29	201
<b>Number of Transfer Policies</b>	379	8,583

**16. Confidentiality**

Pursuant to 65 P.S. § 67.101 et seq. (the “Right-to-Know Law”), Genworth Life Insurance Company (“GLIC”) respectfully requests that the following sections to be treated as confidential and not subject to disclosure:

Sections 3, 8, 14, Exhibit I, Exhibit II, and Exhibit III of the Actuarial Memorandum. All Additional Exhibits.

The materials sought to be maintained as confidential are referred to as the “GLIC Confidential Materials” herein.

The GLIC Confidential Materials are being filed in connection with GLIC’s request for a rate increase on certain long term care insurance products. However, these materials contain GLIC’s confidential trade secrets, and/or other confidential proprietary information, including but not limited to actuarial formulas, statistics and/or assumptions, which are not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use.

65 P.S. § 67.101(a) sets forth Pennsylvania’s general rule that a public record should generally be available for inspection by members of the public. However, under 65 P.S. § 67.708(b)(11), “trade secrets” and “confidential proprietary information” are explicitly excluded from the list of records that are subject to public disclosure under the Right-to-Know Law. Specifically, § 67.708(b)(11) states as follows:

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(b) Exceptions: Except as provided in subsections (c) and (d) [neither of which apply here], the following are exempt from access by a requester under this act:

(11) A record that constitutes or reveals a trade secret or confidential proprietary information.

In turn, 65 P.S. § 67.102 (the “Definitions” section of the Right-to-Know Law) defines the term “trade secret,” in pertinent part, as follows:

Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that:

(1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 67.102 defines the term “confidential proprietary information” as follows:

Commercial or financial information received by an agency: (1) which is privileged or confidential; and (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Pennsylvania’s insurance laws recognize the confidential nature of actuarial reports, work papers, and other materials supporting an actuarial opinion, and provide that they are not subject to disclosure under the Right-to-Know Law. See 40 P.S. § 443(d)(1)(i).

The GLIC Confidential Materials fall squarely within the disclosure exemptions for “trade secrets” and “confidential proprietary information” embodied within § 67.708(b)(11). In *Christopher M’s Hand Poured Fudge, Inc. v. Hennon*, 699 A.2d 1272 (Pa. Super. Ct. 1997), Pennsylvania’s Superior Court set forth six factors that courts can consider in determining whether information qualifies as a trade secret, including:

(1) the extent to which the information is known outside the owner’s business; (2) the extent to which it is known by employees and others involved in the owner’s business; (3) the extent of measures taken by the owner to guard the secrecy of the information; (4) the value of the information to the owner and to his competitors; (5) the amount of effort or money expended by the owner in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

*Id.* at 1275. Each of these factors, along with the “substantial harm” element of the “confidential proprietary information” definition weighs heavily in favor of maintaining the confidentiality of the GLIC Confidential Materials.

GLIC and its predecessors have been providing long-term care insurance coverage to policyholders for more than 35 years. GLIC’s lengthy experience in the long-term care insurance business has placed it in a unique position in the long-term care insurance marketplace, in that no other long-term care

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insurance carrier has as much experience in that line of business as GLIC and its predecessors. Because GLIC has been marketing long-term care insurance products longer than its competitors, it has been able to accumulate experience-related data that its competitors have not been able to gather. GLIC takes active measures to maintain the secrecy of the information in the GLIC Confidential Materials. Among other measures, GLIC obtains non-disclosure agreements with potential reinsurers before providing those potential reinsurers with any experience-related data. Furthermore, access to the data is limited and available only to employees of GLIC who are deemed likely to need the information in the course of their duties; those employees are subject to non-disclosure agreements under which they agree not to share the information except in furtherance of the business of GLIC.

The GLIC Confidential Materials discuss, among other things, GLIC's assumptions in pricing certain long-term care insurance products, GLIC's proprietary persistency and incurred claims data, and GLIC's policy demographics. In addition to pricing long-term care insurance products, GLIC's extensive data also allows it to effectively manage its policies, by enabling it to accurately set reserves and conduct reliable asset tests. None of this information is available to GLIC's competitors or to the public generally, and it is plainly protectable under the statutes discussed above. See *Giurintano v. Dep't of Gen. Servs.*, 20 A.3d 613, 615-17 & n.5 (Pa. Commw. Ct. 2011) (holding that the identities of interpreters hired by state contractor were excluded from public disclosure under 65 P.S. §67.708(b)(11) because the contractor (a) kept their identities confidential "to protect its investment," (b) the interpreters were "business assets," and (c) disclosing the identities "would cause substantial harm to the [contractor's] competitive position in the industry").

GLIC's accumulation of data over its long duration in the long-term care insurance business has come at a substantial cost. For numerous years, GLIC had to price and manage policies without having the benefit of the extensive data and experience that it now possesses. GLIC endured substantial losses on many of those policies that did not perform as expected, and GLIC has incurred and will continue to incur billions of dollars of claims on these policies.

If the GLIC Confidential Materials are released to the public, GLIC would be deprived of its hard-earned competitive advantage, which would cause substantial harm to the company. GLIC's competitors could use GLIC's data and assumptions to price long-term care insurance policies as well as GLIC, without the work, time, expense, and (most significantly) the previous losses that GLIC incurred. If the GLIC Confidential Materials were disclosed, GLIC's competitors would be permitted to exploit GLIC's hard-earned, proprietary information for their own benefit, and to GLIC's competitive and economic disadvantage. See *Smith Butz, LLC v. Pa. Dep't of Env'tl. Prot.*, \_\_\_ A.3d \_\_\_, 2017 WL 1833472, at \*9 (Pa. Commw. Ct. 2017) (finding that records that would enable the company's competitors to copy valuable and proprietary business methods constituted confidential proprietary information and/or trade secrets). For these reasons, GLIC respectfully submits that the GLIC Confidential Materials are exempt from disclosure pursuant to 65 P.S. §67.708(b)(11), and requests that they be treated as confidential by the Pennsylvania Insurance Department.

This submission contains the complete, unredacted, confidential version of GLIC's Actuarial Memorandum. GLIC has also filed a publicly available version of this Actuarial Memorandum and other exhibits referenced above, which redacts the GLIC Confidential Materials. Because the enclosed actuarial memorandum contains GLIC's actuarial formulas, statistics, and assumptions that are

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confidential, proprietary and competitively sensitive in nature, we request that it not be made available for public access.

**17. Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries' qualification standards for rendering this opinion and am familiar with the requirements for filing for increases in Long-Term Care insurance premiums.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8, 18, 23, 25 and 41.

I have relied on exhibits completed by LTCG which was peer reviewed by other members of their firm using data, assumptions and methodologies provided by GLIC. All future projections included in this memorandum, while based on GLIC's best estimates, are uncertain and may not emerge as expected.

I have relied on statutory valuations as of December 31, 2019, for Claim Reserves (i.e., Disabled Life Reserves, Pending Claims reserves and Incurred But Not Reported reserves) provided by GLIC's Long-Term Care Valuation team.

I have also relied on assumptions developed by GLIC's Long Term Care Experience Studies team in collaboration with other GLIC actuaries, which assumptions were approved by Genworth's Assumption Review Committee. The assumptions present the actuary's best judgement and are consistent with the issuer's business plan at the time of the filing.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of Pennsylvania and the Long-Term Care Insurance regulation. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In my opinion, the rates are not excessive or unfairly discriminatory.



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Shumaila Merchant, F.S.A., M.A.A.A  
Director & Actuary  
Genworth Life Insurance Company  
07/10/2020

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Exhibit I: 7046 Employer Group Policy Forms - Nationwide Experience  
With No Rate Increase\* without MAE

	4.00%			
Calendar Year	Earned Premium	Incurred Claims	Loss Ratio	Discount Factor
2005	217,303	0	0.0%	1.7660
2006	1,233,150	0	0.0%	1.6980
2007	1,588,462	754	0.0%	1.6327
2008	2,884,094	102,277	3.5%	1.5699
2009	4,246,315	128,853	3.0%	1.5096
2010	11,333,702	168,227	1.5%	1.4515
2011	18,481,657	1,211,967	6.6%	1.3957
2012	29,171,749	3,075,789	10.5%	1.3420
2013	38,278,850	2,424,045	6.3%	1.2904
2014	40,017,944	2,082,661	5.2%	1.2407
2015	41,183,778	2,958,871	7.2%	1.1930
2016	41,923,400	3,222,618	7.7%	1.1471
2017	41,776,828	4,249,503	10.2%	1.1030
2018	41,542,951	4,906,594	11.8%	1.0606
2019	41,211,412	4,821,099	11.7%	1.0198
2020	41,096,436	7,512,511	18.3%	0.9806
2021	40,442,326	9,160,991	22.7%	0.9429
2022	39,821,353	11,120,473	27.9%	0.9066
2023	39,194,933	13,344,637	34.0%	0.8717
2024	38,550,192	15,797,567	41.0%	0.8382
2025	37,871,988	18,363,719	48.5%	0.8060
2026	37,146,426	21,393,201	57.6%	0.7750
2027	36,365,109	24,962,334	68.6%	0.7452
2028	35,510,571	29,140,615	82.1%	0.7165
2029	34,572,936	33,953,990	98.2%	0.6889
2030	33,544,157	38,930,700	116.1%	0.6624
2031	32,433,781	44,263,263	136.5%	0.6370
2032	31,251,094	49,988,847	160.0%	0.6125
2033	30,007,996	56,008,151	186.6%	0.5889
2034	28,712,941	62,209,534	216.7%	0.5663
2035	27,373,821	68,188,678	249.1%	0.5445
2036	25,998,361	73,952,483	284.5%	0.5235
2037	24,594,420	79,397,441	322.8%	0.5034
2038	23,169,312	84,334,668	364.0%	0.4840
2039	21,732,425	88,872,144	408.9%	0.4654
2040	20,293,963	92,800,948	457.3%	0.4475
2041	18,863,102	95,879,568	508.3%	0.4303
2042	17,450,327	98,097,931	562.2%	0.4138
2043	16,064,800	99,212,733	617.6%	0.3978
2044	14,717,039	99,565,072	676.5%	0.3825
2045	13,417,205	99,278,377	739.9%	0.3678
2046	12,172,924	98,216,688	806.8%	0.3537
2047	10,990,344	96,419,061	877.3%	0.3401
2048	9,873,744	93,608,156	948.1%	0.3270
2049	8,827,299	90,044,692	1020.1%	0.3144
2050	7,854,200	86,046,082	1095.5%	0.3023
2051	6,955,537	81,834,775	1176.5%	0.2907
2052	6,131,351	77,565,929	1265.1%	0.2795
2053	5,380,149	73,068,954	1358.1%	0.2688
2054	4,699,979	68,344,142	1454.1%	0.2584
2055	4,088,474	63,516,821	1553.6%	0.2485
2056	3,542,211	58,749,150	1658.5%	0.2389
2057	3,057,006	54,020,730	1767.1%	0.2297
2058	2,627,720	49,529,940	1884.9%	0.2209
2059	2,249,713	45,432,387	2019.5%	0.2124
2060	1,918,392	41,575,887	2167.2%	0.2042
2061	1,629,277	37,904,691	2326.5%	0.1964
2062	1,378,031	34,446,625	2499.7%	0.1888
2063	1,160,667	31,128,351	2681.9%	0.1816
2064	973,461	28,019,358	2878.3%	0.1746
2065	812,734	25,084,146	3086.4%	0.1679
2066	675,307	22,289,955	3300.7%	0.1614
2067	558,234	19,609,701	3512.8%	0.1552
2068	458,851	17,109,445	3728.8%	0.1492
2069	374,729	14,844,101	3961.3%	0.1435
2070	303,709	12,702,278	4182.4%	0.1380
2071	243,991	10,711,741	4390.2%	0.1327
2072	194,126	8,900,030	4584.7%	0.1276
2073	152,861	7,263,051	4751.4%	0.1227
2074	119,081	5,835,732	4900.6%	0.1179
2075	91,720	4,629,325	5047.2%	0.1134
2076	69,851	3,618,690	5180.6%	0.1090
2077	52,598	2,772,283	5270.7%	0.1049
2078	39,164	2,087,868	5331.1%	0.1008
2079	28,828	1,553,518	5388.9%	0.0969
Accumulated and Present Values as of 12/31/2019				
Past:	425,842,827	34,166,258	8.0%	
Future:	544,647,947	1,087,519,008	199.7%	
Lifetime:	970,490,774	1,121,685,266	115.6%	
Lifetime with MAE:	970,490,774	1,233,853,461	127.1%	

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Exhibit II: 7046 Employer Group Policy Forms - Nationwide Experience  
With Requested 65.1% Rate Increase\* with MAE

Calendar Year	Earned Premium	Incurred Claims	Loss Ratio	4.00% Discount Factor
2005	217,303	0	0.0%	1.7660
2006	1,233,150	0	0.0%	1.6980
2007	1,588,462	754	0.0%	1.6327
2008	2,884,094	102,277	3.5%	1.5699
2009	4,246,315	128,853	3.0%	1.5096
2010	11,333,702	168,227	1.5%	1.4515
2011	18,481,657	1,211,967	6.6%	1.3957
2012	29,171,749	3,075,789	10.5%	1.3420
2013	38,278,850	2,424,045	6.3%	1.2904
2014	40,017,944	2,082,661	5.2%	1.2407
2015	41,183,778	2,958,871	7.2%	1.1930
2016	41,923,400	3,222,618	7.7%	1.1471
2017	41,776,828	4,249,503	10.2%	1.1030
2018	41,542,951	4,906,594	11.8%	1.0606
2019	41,211,412	4,821,099	11.7%	1.0198
2020	41,096,436	8,287,362	20.2%	0.9806
2021	51,405,287	10,234,106	19.9%	0.9429
2022	65,745,053	12,627,159	19.2%	0.9066
2023	64,710,835	15,139,498	23.4%	0.8717
2024	63,646,366	17,907,423	28.1%	0.8382
2025	62,526,652	20,800,626	33.3%	0.8060
2026	61,328,750	24,215,064	39.5%	0.7750
2027	60,038,796	28,232,529	47.0%	0.7452
2028	58,627,953	32,929,282	56.2%	0.7165
2029	57,079,918	38,333,583	67.2%	0.6889
2030	55,381,404	43,912,558	79.3%	0.6624
2031	53,548,173	49,884,278	93.2%	0.6370
2032	51,595,556	56,289,676	109.1%	0.6125
2033	49,543,202	63,016,749	127.2%	0.5889
2034	47,405,066	69,940,011	147.5%	0.5663
2035	45,194,178	76,605,827	169.5%	0.5445
2036	42,923,295	83,023,101	193.4%	0.5235
2037	40,605,388	89,076,122	219.4%	0.5034
2038	38,252,535	94,553,758	247.2%	0.4840
2039	35,880,234	99,578,011	277.5%	0.4654
2040	33,505,333	103,915,899	310.1%	0.4475
2041	31,142,982	107,298,512	344.5%	0.4303
2042	28,810,490	109,716,738	380.8%	0.4138
2043	26,522,985	110,900,597	418.1%	0.3978
2044	24,297,832	111,233,233	457.8%	0.3825
2045	22,151,805	110,853,448	500.4%	0.3678
2046	20,097,497	109,610,227	545.4%	0.3537
2047	18,145,058	107,548,798	592.7%	0.3401
2048	16,301,551	104,361,359	640.2%	0.3270
2049	14,573,871	100,340,200	688.5%	0.3144
2050	12,967,284	95,839,741	739.1%	0.3023
2051	11,483,591	91,107,848	793.4%	0.2907
2052	10,122,860	86,317,270	852.7%	0.2795
2053	8,882,626	81,278,205	915.0%	0.2688
2054	7,759,665	75,991,214	979.3%	0.2584
2055	6,750,071	70,595,901	1045.9%	0.2485
2056	5,848,190	65,272,394	1116.1%	0.2389
2057	5,047,116	59,997,557	1188.7%	0.2297
2058	4,338,366	54,991,193	1267.6%	0.2209
2059	3,714,276	50,425,433	1357.6%	0.2124
2060	3,167,266	46,130,764	1456.5%	0.2042
2061	2,689,937	42,044,958	1563.0%	0.1964
2062	2,275,130	38,198,511	1679.0%	0.1888
2063	1,916,262	34,509,739	1800.9%	0.1816
2064	1,607,185	31,055,367	1932.3%	0.1746
2065	1,341,824	27,795,690	2071.5%	0.1679
2066	1,114,932	24,694,126	2214.9%	0.1614
2067	921,645	21,720,420	2356.7%	0.1552
2068	757,563	18,947,503	2501.1%	0.1492
2069	618,678	16,435,925	2656.6%	0.1435
2070	501,423	14,062,106	2804.4%	0.1380
2071	402,829	11,856,630	2943.3%	0.1327
2072	320,502	9,849,828	3073.2%	0.1276
2073	252,373	8,037,032	3184.6%	0.1227
2074	196,603	6,456,769	3284.2%	0.1179
2075	151,429	5,121,352	3382.0%	0.1134
2076	115,324	4,002,844	3471.0%	0.1090
2077	86,839	3,066,251	3531.0%	0.1049
2078	64,660	2,309,023	3571.0%	0.1008
2079	47,595	1,717,901	3609.4%	0.0969
Accumulated and Present Values as of 12/31/2019				
Past:	425,842,827	34,166,258	8.0%	
Future:	858,492,390	1,217,630,683	141.8%	
Lifetime:	1,284,335,217	1,251,796,940	97.5%	

\*Includes rate increase requested in this filing

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**Exhibit III: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase\* with MAE**  
**58/85 Test**

This exhibit demonstrates compliance with the Rate Stability Regulation which requires that on a lifetime present value basis, incurred claims are at least equal to 58% of original premiums and 85% of increased premiums. This test is satisfied if Line 11 is "True". Note that a provision for Moderately Adverse Experience has been added.

Row	Description	Value
(1)	Accumulated Past Total Premiums Including Rate Increases (Exhibit II):	425,842,827
(2)	Accumulated Past Premiums on Original Rate Basis:	425,842,827
(3)	Accumulated Past Premiums Attributable to Rate Increases: (1) minus (2)	0
(4)	PV Future Total Premiums Including Proposed Rate Increases (Exhibit II):	858,492,390
(5)	PV Future Premiums on Original Rate Basis:	544,647,947
(6)	PV Future Premiums Attributable to Rate Increases: (4) minus (5)	313,844,443
(7)	Accumulated Past Incurred Claims (Exhibit II)	34,166,258
(8)	PV Future Incurred Claims (Exhibit II)	1,217,630,683
(9)	Total Incurred Claims: (7) + (8)	1,251,796,940
(10)	$0.58 \times [(2) + (5)] + 0.85 \times [(3) + (6)] =$	829,652,425
(11)	Test: Is (9) > (10)?	TRUE



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**Policy Form 7046 et al**

**1. Scope of this Filing**

This filing applies to employer groups of the referenced policy form issued in Pennsylvania between October 2007 and May 2017. Form 7046 is also referred to by ("GLIC") as "Employer Group 7046". This form is no longer being sold.

For all certificates issued in Pennsylvania to which the current filing applies, the following table shows the number of exposed lives by certificates issued and certificates inforce as of December 31, 2019.

	<b>Total Lives</b>
<b>Certificate Lives Issued</b>	4,864
<b>Certificate Lives Inforce</b>	3,692

Genworth North America, an insurance holding company which includes Genworth Life Insurance Company among its affiliated insurers, sponsors a long-term care benefit for all employees, most of whom were written under this policy form and are included in this rate increase.

This filing does not apply to coverages issued under policy form 7046 to members of affinity associations, which were sold through individual licensed insurance agents.

**2. Purpose of this Filing**

This actuarial memorandum has been prepared to request and support the approval of a premium rate increase in your state.

In this filing, GLIC requests a premium rate increase of 65.1%, applicable to the base rates and associated riders of all inforce certificates referenced in Section 1 of this actuarial memorandum.

Certificate holders with transfer certificates (See Section 9.1) were given a transfer credit that was proportional to their statutory reserves under the previous employer group plan. Premiums for transfer certificates were calculated at the individual's attained age at the time of the transfer and then the transfer credit was applied. The proposed rate increase will only apply to the original premium and the transfer credit will remain the same.

We demonstrate that the proposed premium rate increase satisfies the minimum requirements of Pennsylvania and the Rate Stability regulation. This actuarial memorandum may not be suitable for other purposes.

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### **3. Justification of the Premium Rate Increase**

Redacted pursuant to Section 16, below.

### **4. Marketing Method and Underwriting Description**

Group policies were established with employer policyholders, by GLIC, either directly with the employer and/or through a benefit administrator or employee benefit broker. Eligible individuals under the auspices of the employer's benefit plan enrolled directly with GLIC, primarily through an enrollment website, and were issued a certificate of coverage. This form was initially marketed to employers in 2005, but no new employer policies have been placed since 2015. New employees of employer group plans issued prior to 2015, could enroll in many of these plans through December of 2016, and some certificates were not issued until 2017. Employees were issued certificates on a guaranteed issue or modified guaranteed issue basis.

Other eligible individuals, such as employee spouses/partners, parents, adult children and retirees (as defined by the group policyholder) primarily enrolled with full medical underwriting.

The underwriting process for these individuals included an assessment of functional and cognitive abilities at issue ages considered to be appropriate. Various underwriting tools were used, in accordance with our underwriting requirements, including an application, medical records, an attending physician's statement, paramedical exam, telephone interview and/or face-to-face assessment.

### **5. Description of Benefits**

This plan is a Guaranteed Renewable, tax-qualified group long term care insurance policy. This is a comprehensive product with benefits payable on a daily or monthly basis. These forms require an insured to meet benefit eligibility requirements that are triggered by Activities of Daily Living ("ADL") deficiencies or severe cognitive impairment. This plan was offered to employers with both contributory (voluntary) and non-contributory (core) premium options. The range of available daily or monthly benefits, benefit periods, and elimination period and certain benefits and riders were determined by the employer, and the plan design was detailed in the employer's policy. Eligible participants chose amongst the employer's pre-determined available coverage amounts and benefit periods.

The following benefits are included in the certificate:

- Nursing Facility Benefit
- Assisted Living Facility Benefit
- Home and Community Care Benefit
- Home Assistance Benefit
- Hospice Care Benefit
- Respite Care Benefit

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- Alternate Care Benefit
- International Coverage Benefit
- Waiver of Premium Benefit
- Contingent Nonforfeiture
- Future Purchase Options Benefit
- Care Coordination Services
- Bed Reservation Benefit

The following benefits and riders are optional:

- Informal Care Benefit -- determined by the employer
- Return of Premium on Death Benefit -- determined by the employer
- Automatic Inflation Protection – Compound Annual Increases
- Automatic Inflation Protection – Compound Annual Increases to Age 70 or Age 75
- Automatic Inflation Protection – Simple Annual Increases
- Automatic Benefit Increase Rider – Age Adjusted Protection: Compound through Age 65 and Simple Thereafter
- Automatic Benefit Increases – Age Adjusted Protection: Ages 61 and 76
- Automatic Benefit Increases – Compound Annual Increases to Age 76 Rider
- Nonforfeiture Benefit Rider -- determined by the employer or offered as an option to the certificate holder

If an optional Benefit Increase Rider was selected by an eligible individual, the provisions of that rider superseded the Future Purchase Options Benefit.

## **6. Alternatives to the Proposed Rate Increase**

GLIC will offer insureds impacted by rate filings several options for mitigating the impact of the rate increase. These options will be provided in the certificate holder notification letter. In addition, insureds will have the ability to call a dedicated team of customer service representatives that can assist with providing customized quotes for any number of other benefit adjustments.

*Reduced Benefit Options.* Insureds can change any number of benefit features or coverage limits, within the scope of the employer's benefit plan design, in order to maintain reasonably equivalent pre- and post-rate increase premium levels, and the optimal balance of coverage and cost based on their specific needs. The available benefit and rate combinations are consistent with the combinations presented in the rate tables approved by the Department as part of the original filing. To balance coverage and cost considerations, GLIC will offer insureds in their certificate holder notification letter, subject to rate increases on their long term care certificates, up to two customized options to adjust their benefits. These options will reduce the Daily/Monthly Maximum (Facility Care Maximum) amount to 1) fully mitigate the premium increase and 2) mitigate the premium increase by half, unless the existing coverage levels are too low to meet state minimum coverage requirements.

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*Other options.* GLIC will offer the applicable nonforfeiture option to each certificate holder. Certificate holders that are eligible for the Contingent Nonforfeiture Option will be presented with that as an option in their notification letter. Certificate holders that have a Nonforfeiture Benefit Rider with their certificate may elect that option. In addition, GLIC will offer an Optional Limited Benefit, already approved for use in Pennsylvania, which provides a paid-up benefit equal to the total of premium paid, less any claims paid if the Contingent Nonforfeiture or Nonforfeiture Benefit Rider are not applicable or viable.

## **7. Premiums**

### **7.1 Renewability**

These certificates are guaranteed renewable for life, as provided for under the terms and conditions of the certificates and the group policy.

### **7.2 Area Factors**

Geographic area factors are not used in rating these certificates.

### **7.3 Premium Classes**

Premium rates are unisex, level and payable for life. The premiums vary by issue age, daily benefit, benefit period, elimination period, inflation protection option, enrollment/marketing strategy, case level underwriting, commissions, employee/employer paid, rate guarantee period and any applicable riders selected.

### **7.4 Modalization Rules**

No modal factors were applied to applicable contributions.

### **7.5 History of Previous Rate Revisions**

No prior rate increases have been approved in your state.

### **7.6 Rate Schedule**

Current rate tables have been included in Appendix A. Corresponding rate tables reflecting the proposed rate increases have been included in Appendix B, attached separately. Please note that actual rates implemented may vary slightly from those set forth in Appendices A and B due to implementation rounding algorithms.

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## **7.7 Proposed Effective Date**

This rate increase will apply to certificates as soon as administratively possible following a rate increase approval. Certificate holders will be given at least 60-day advance notification of any rate increase. In addition, rate increases will not overlap a group's Future Purchase Options Benefit ("FPO") window. Premium rate increase implementation dates will occur after the FPO window has closed.

## **8. Actuarial Assumptions**

Redacted pursuant to Section 16, below.

## **9. Development of the Proposed Rate Increase**

In developing the proposed premium rate increase, the following has been considered:

- a. Policy design, underwriting, and claims adjudication practices have been considered;
- b. In order to ensure maximum credibility, exhibits are based on all GLIC nationwide certificates through December 31, 2019 for all Employer Group 7046, excluding the transfer certificates. Projected earned premiums and incurred claims are based on the assumptions described in Section 8 of this actuarial memorandum;
- c. The proposed rate increase has been assumed to be implemented in 2021. Our objective is to get closer to the acceptable maximum lifetime loss ratio of 97.5%. The justified rate increase was calculated to bring the lifetime loss ratio with the current assumption and provision for MAE (10%) closer to the acceptable maximum lifetime loss ratio, in compliance with the 58%/85% premium test defined in the Rate Stability regulation;
- d. Lifetime projections of earned premiums and incurred claims are set forth in Exhibit I. Lifetime projections of earned premiums and incurred claims reflecting the proposed rate increase are set forth in Exhibit II;
- e. Compliance of the 58%/85% premium test defined in the Rate Stability regulation has been verified, as demonstrated in Exhibit III; and
- f. Historical and projected earned premiums and incurred claims include provisions for waiver of premium.

### **9.1 Calculation of the Lifetime Loss Ratios**

This policy form was sold to over 200 employer groups with varying premiums and original pricing loss ratios due to differing Employer Features Factors, also known as Case Factors, that are applied to their premiums. Variations within the Case Factors exist due to underwriting and other factors but are driven mainly due to differences in commissions. To ensure equitable handling of this block and to maximize the credibility, GLIC calculated the original pricing loss ratio for this block by using the weighted average of premium at issue for all employer groups together. The original pricing loss ratio for all certificates is 88.6%.

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Approximately 12.5% of the certificates sold (16.5% of in-force certificates) are transfer certificates, i.e., the certificate holders had certificates under a previous employer group plan issued by another carrier that were transferred to GLIC. The history of these policies along with the other policies that were part of the original group prior to the point of transfer was not transferred to GLIC. Therefore, GLIC has excluded these transfer certificates when calculating the current best estimate loss ratio. The current best estimate loss ratio, excluding transfer cases is 115.6%. Including transfer certificates in the current best-estimate loss ratio would only increase the loss ratio leading to a higher justified rate increase.

## **9.2 New Business Premium Rate Comparison**

GLIC has compared premium rates on the referenced policy forms to the new business rates where the policy characteristics are similar. There are differences in benefits, underwriting and other product features between the Employer Group 7046 products and the product form series GLIC currently offers for sale, Policy Form Number 7053CRT. Where possible, adjustments have been made so that new business comparisons are meaningful. These differences affect the rate comparison in the following ways:

Benefit Differences: Benefit periods of five (5) years or longer were available in Employer Group 7046, are not offered in Policy Form Number 7053CRT (no longer marketed). Policies with these benefit differences are not considered to exceed new business rates.

Underwriting: Product Form Number 7053CRT is subject to several underwriting enhancements that did not apply to Employer Group 7046. While these underwriting enhancements are not directly reflected in benefits, they impact both original and new business pricing. GLIC has made a good faith effort to compare these policies and with an adjustment to reflect the differences in underwriting.

Marketing and Distribution: Employer Group 7046 were sold during the peak years of LTC production when sales and distribution channels were in a growing stage; the current environment is the exact opposite, with decreasing sales and distribution outlets. GLIC's lower ratings today also impact the current distribution and the amount of production of the currently marketed product is an insignificant fraction of the Employer Group 7046 business sold.

The current product that GLIC offers has three Inflation Protection Options (No Benefit Increase Option with FPO, 3% Compound and 5% Compound) and 3 Benefit Periods (2-year, 3-year and 4-year). Approximately 65% of Employer Group 7046 certificates fall within these categories and less than 5% of these certificates would have higher premiums than the current product if the rate increase is approved in full. Policy form series 7053CRT was priced with a 5-year benefit period, but marketing of this feature and all longer benefit periods were discontinued in 2016. If we compare premiums on certificates with a 5-year benefit period to the 7053CRT 5-year benefit premiums, 95% of Employer Group 7046 certificates would be included, and approximately 9% of Employer Group 7046 certificates would have higher premium rates than the 7053CRT rates.

In accordance with the Rate Stability regulation and the Long-Term Care Rate Stability Practice Note issued by the American Academy of Actuaries in 2012, we believe the differences noted above sufficiently

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justify a rate level greater than the new business rates for some of the Employer Group 7046 inforce policies in your State. Since GLIC prioritizes rate sufficiency and company solvency, the greater rate level is required in order to certify that, if experience emerges as expected, no further rate increases are anticipated.

**10. Active Life Reserves and Claim Liability Reserves**

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2019, have been discounted to the date of incurral of each respective claim and included in historical incurred claims. Incurred but not reported reserve balances as of December 31, 2019, have been allocated to a calendar year of incurral and included in historical incurred claims.

**11. Trend Assumptions**

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

**12. Future Rate Increases**

Policies to which this premium rate increase filing applies may also be subject to future additional rate increases if the full amount of the rate increase requested in this filing is not approved or if underlying assumptions are not realized and the future experience exceeds a 10% MAE. We defined “exceeds a 10% margin” as any change that results in a lifetime loss ratio greater than projected in Exhibit II of this memorandum.

**13. State Average Annual Premiums Based on Exposed Lives**

	State
<b>Before Proposed Rate Increase</b>	\$1,152
<b>After Proposed Rate Increase</b>	\$1,903

**14. State and GLIC Nationwide Distribution of Business as of December 31, 2019 (Based on Exposed Lives)**

Redacted pursuant to Section 16, below.

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**15. State and GLIC Nationwide Lives, Premiums and Average Age as of December 31, 2019**

	<b>State</b>	<b>Nationwide</b>
<b>Number of Exposed Lives</b>	3,692	51,805
<b>Inforce Annualized Premium</b>	\$4,254,416	\$55,710,335
<b>Average Issue Age</b>	52	53
<b>Average Attained Age</b>	60	61
<b>Number of Groups</b>	29	201
<b>Number of Transfer Policies</b>	379	8,583

**16. Confidentiality**

Pursuant to 65 P.S. § 67.101 et seq. (the “Right-to-Know Law”), Genworth Life Insurance Company (“GLIC”) respectfully requests that the following sections to be treated as confidential and not subject to disclosure:

Sections 3, 8, 14, Exhibit I, Exhibit II, and Exhibit III of the Actuarial Memorandum. All Additional Exhibits.

The materials sought to be maintained as confidential are referred to as the “GLIC Confidential Materials” herein.

The GLIC Confidential Materials are being filed in connection with GLIC’s request for a rate increase on certain long term care insurance products. However, these materials contain GLIC’s confidential trade secrets, and/or other confidential proprietary information, including but not limited to actuarial formulas, statistics and/or assumptions, which are not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use.

65 P.S. § 67.101(a) sets forth Pennsylvania’s general rule that a public record should generally be available for inspection by members of the public. However, under 65 P.S. § 67.708(b)(11), “trade secrets” and “confidential proprietary information” are explicitly excluded from the list of records that are subject to public disclosure under the Right-to-Know Law. Specifically, § 67.708(b)(11) states as follows:

(b) Exceptions: Except as provided in subsections (c) and (d) [neither of which apply here], the following are exempt from access by a requester under this act:

(11) A record that constitutes or reveals a trade secret or confidential proprietary information.

In turn, 65 P.S. § 67.102 (the “Definitions” section of the Right-to-Know Law) defines the term “trade secret,” in pertinent part, as follows:

Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that:



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(1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 67.102 defines the term “confidential proprietary information” as follows:

Commercial or financial information received by an agency: (1) which is privileged or confidential; and (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Pennsylvania’s insurance laws recognize the confidential nature of actuarial reports, work papers, and other materials supporting an actuarial opinion, and provide that they are not subject to disclosure under the Right-to-Know Law. See 40 P.S. § 443(d)(1)(i).

The GLIC Confidential Materials fall squarely within the disclosure exemptions for “trade secrets” and “confidential proprietary information” embodied within § 67.708(b)(11). In *Christopher M’s Hand Poured Fudge, Inc. v. Hennon*, 699 A.2d 1272 (Pa. Super. Ct. 1997), Pennsylvania’s Superior Court set forth six factors that courts can consider in determining whether information qualifies as a trade secret, including:

(1) the extent to which the information is known outside the owner’s business; (2) the extent to which it is known by employees and others involved in the owner’s business; (3) the extent of measures taken by the owner to guard the secrecy of the information; (4) the value of the information to the owner and to his competitors; (5) the amount of effort or money expended by the owner in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

*Id.* at 1275. Each of these factors, along with the “substantial harm” element of the “confidential proprietary information” definition weighs heavily in favor of maintaining the confidentiality of the GLIC Confidential Materials.

GLIC and its predecessors have been providing long-term care insurance coverage to policyholders for more than 35 years. GLIC’s lengthy experience in the long-term care insurance business has placed it in a unique position in the long-term care insurance marketplace, in that no other long-term care insurance carrier has as much experience in that line of business as GLIC and its predecessors. Because GLIC has been marketing long-term care insurance products longer than its competitors, it has been able to accumulate experience-related data that its competitors have not been able to gather. GLIC takes active measures to maintain the secrecy of the information in the GLIC Confidential Materials. Among other measures, GLIC obtains non-disclosure agreements with potential reinsurers before providing those potential reinsurers with any experience-related data. Furthermore, access to the data is limited and available only to employees of GLIC who are deemed likely to need the information in the course of their duties; those employees are subject to non-disclosure agreements under which they agree not to share the information except in furtherance of the business of GLIC.

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The GLIC Confidential Materials discuss, among other things, GLIC's assumptions in pricing certain long-term care insurance products, GLIC's proprietary persistency and incurred claims data, and GLIC's policy demographics. In addition to pricing long-term care insurance products, GLIC's extensive data also allows it to effectively manage its policies, by enabling it to accurately set reserves and conduct reliable asset tests. None of this information is available to GLIC's competitors or to the public generally, and it is plainly protectable under the statutes discussed above. See *Giurintano v. Dep't of Gen. Servs.*, 20 A.3d 613, 615-17 & n.5 (Pa. Commw. Ct. 2011) (holding that the identities of interpreters hired by state contractor were excluded from public disclosure under 65 P.S. §67.708(b)(11) because the contractor (a) kept their identities confidential "to protect its investment," (b) the interpreters were "business assets," and (c) disclosing the identities "would cause substantial harm to the [contractor's] competitive position in the industry").

GLIC's accumulation of data over its long duration in the long-term care insurance business has come at a substantial cost. For numerous years, GLIC had to price and manage policies without having the benefit of the extensive data and experience that it now possesses. GLIC endured substantial losses on many of those policies that did not perform as expected, and GLIC has incurred and will continue to incur billions of dollars of claims on these policies.

If the GLIC Confidential Materials are released to the public, GLIC would be deprived of its hard-earned competitive advantage, which would cause substantial harm to the company. GLIC's competitors could use GLIC's data and assumptions to price long-term care insurance policies as well as GLIC, without the work, time, expense, and (most significantly) the previous losses that GLIC incurred. If the GLIC Confidential Materials were disclosed, GLIC's competitors would be permitted to exploit GLIC's hard-earned, proprietary information for their own benefit, and to GLIC's competitive and economic disadvantage. See *Smith Butz, LLC v. Pa. Dep't of Env'tl. Prot.*, \_\_\_ A.3d \_\_\_, 2017 WL 1833472, at \*9 (Pa. Commw. Ct. 2017) (finding that records that would enable the company's competitors to copy valuable and proprietary business methods constituted confidential proprietary information and/or trade secrets). For these reasons, GLIC respectfully submits that the GLIC Confidential Materials are exempt from disclosure pursuant to 65 P.S. §67.708(b)(11), and requests that they be treated as confidential by the Pennsylvania Insurance Department.

This submission contains the publicly available version of this Actuarial Memorandum and other exhibits referenced above, which redacts the GLIC Confidential Materials. A complete, unredacted, confidential version of GLIC's Actuarial Memorandum has been filed separately.

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**17. Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries' qualification standards for rendering this opinion and am familiar with the requirements for filing for increases in Long-Term Care insurance premiums.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8, 18, 23, 25 and 41.

I have relied on exhibits completed by LTCG which was peer reviewed by other members of their firm using data, assumptions and methodologies provided by GLIC. All future projections included in this memorandum, while based on GLIC's best estimates, are uncertain and may not emerge as expected.

I have relied on statutory valuations as of December 31, 2019, for Claim Reserves (i.e., Disabled Life Reserves, Pending Claims reserves and Incurred But Not Reported reserves) provided by GLIC's Long-Term Care Valuation team.

I have also relied on assumptions developed by GLIC's Long Term Care Experience Studies team in collaboration with other GLIC actuaries, which assumptions were approved by Genworth's Assumption Review Committee. The assumptions present the actuary's best judgement and are consistent with the issuer's business plan at the time of the filing.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of Pennsylvania and the Long-Term Care Insurance regulation. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In my opinion, the rates are not excessive or unfairly discriminatory.



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Shumaila Merchant, F.S.A., M.A.A.A  
Director & Actuary  
Genworth Life Insurance Company  
07/10/2020

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**Exhibit I: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With No Rate Increase\* without MAE**

Redacted pursuant to Section 16, above.

**Exhibit II: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase\* with MAE**

Redacted pursuant to Section 16, above.

**Exhibit III: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase with MAE 58/85 Test**

Redacted pursuant to Section 16, above.

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Genworth Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified		
<b>Product Name:</b>	2020 Group Rate Request (7046)		
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)		

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/10/2020		Supporting Document	Actuarial Memorandum and Explanatory Information (A&H)	07/10/2020	PA 7046 Employer Group Confidential Memo 20200710.pdf (Superseded) PA 7046 Employer Group Memo Exhibits 20200710.xlsx (Superseded)
06/10/2020		Supporting Document	Actuarial Memorandum (Public)	07/10/2020	PA 7046 Employer Group Public Memo 20200710.pdf (Superseded)

<b>SERFF Tracking #:</b>	GEFA-132417390	<b>State Tracking #:</b>	GEFA-132417390	<b>Company Tracking #:</b>	7046 ET AL
<hr/>					
<b>State:</b>	Pennsylvania		<b>Filing Company:</b>	Genworth Life Insurance Company	
<b>TOI/Sub-TOI:</b>	LTC03G Group Long Term Care/LTC03G.001 Qualified				
<b>Product Name:</b>	2020 Group Rate Request (7046)				
<b>Project Name/Number:</b>	2020 Group Rate Request (7046)/2020 Group Rate Request (7046)				

***Attachment PA 7046 Employer Group Memo Exhibits 20200710.xlsx is not a PDF document and cannot be reproduced here.***

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**Policy Form 7046 et al**

## **1. Scope of this Filing**

This filing applies to employer groups of the referenced policy form issued in Pennsylvania between October 2007 and May 2017. Form 7046 is also referred to by ("GLIC") as "Employer Group 7046". This form is no longer being sold.

For all certificates issued in Pennsylvania to which the current filing applies, the following table shows the number of exposed lives by certificates issued and certificates inforce as of December 31, 2019.

	<b>Total Lives</b>
<b>Certificate Lives Issued</b>	4,864
<b>Certificate Lives Inforce</b>	3,692

Genworth North America, an insurance holding company which includes Genworth Life Insurance Company among its affiliated insurers, sponsors a long-term care benefit for all employees, most of whom were written under this policy form and are included in this rate increase.

This filing does not apply to coverages issued under policy form 7046 to members of affinity associations, which were sold through individual licensed insurance agents.

## **2. Purpose of this Filing**

This actuarial memorandum has been prepared to request and support the approval of a premium rate increase in your state.

In this filing, GLIC requests a premium rate increase of 65.1%, applicable to the base rates and associated riders of all inforce certificates referenced in Section 1 of this actuarial memorandum.

Certificate holders with transfer certificates (See Section 9.1) were given a transfer credit that was proportional to their statutory reserves under the previous employer group plan. Premiums for transfer certificates were calculated at the individual's attained age at the time of the transfer and then the transfer credit was applied. The proposed rate increase will only apply to the original premium and the transfer credit will remain the same.

We demonstrate that the proposed premium rate increase satisfies the minimum requirements of Pennsylvania and the Rate Stability regulation. This actuarial memorandum may not be suitable for other purposes.

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### **3. Justification of the Premium Rate Increase**

From the time this policy form was originally priced, GLIC has monitored and analyzed the impact of its experience on the projections and lifetime loss ratios. GLIC has observed that emerging experience continues to unfold unfavorably, and assumptions and methodologies have been adjusted to that effect. Emerging experience had continued to deteriorate, but several of the groups had contractual rate guarantees for ten years or less, which were considered; a rate increase request is being filed now that these rate guarantees have expired.

The original pricing loss ratio including all certificates (See Section 9.1) is 88.6% and the current best estimate loss ratio excluding transfer certificates (See Section 9.1) is 115.6%. Actual historical experience combined with revised best estimate assumptions have resulted in Lifetime Loss Ratios significantly greater than what was anticipated at pricing, driven by the future expectation of our morbidity experience, and therefore a rate increase is justified.

Section 10(B)(2)(d) of the NAIC Model Regulation recommends using no less than 10% margin for Moderately Adverse Experience ("MAE"). The original priced lifetime loss ratio including the recommended MAE is 97.5%. The current lifetime loss ratio reflecting new best estimate assumptions is 115.6%. Since 115.6% is greater than 97.5%, MAE has been exceeded and the rate increase is justified.

If experience emerges as currently expected, timely implementation of the requested premium rate increase should prevent the need for future premium rate increases. However, if rate increases are delayed due to late approvals, less future premium capacity remains in these blocks to absorb the rate increase. As a result, a higher percentage future premium rate increase must be applied to fewer certificate holders in order to obtain the target Lifetime Loss Ratio consistent with applicable regulation. It is our intent to act in a timely manner, work diligently with regulators to obtain approval for the proposed rate increase, and seek to avoid more significant premium rate increases when the average certificate holder's attained age is higher.

### **4. Marketing Method and Underwriting Description**

Group policies were established with employer policyholders, by GLIC, either directly with the employer and/or through a benefit administrator or employee benefit broker. Eligible individuals under the auspices of the employer's benefit plan enrolled directly with GLIC, primarily through an enrollment website, and were issued a certificate of coverage. This form was initially marketed to employers in 2005, but no new employer policies have been placed since 2015. New employees of employer group plans issued prior to 2015, could enroll in many of these plans through December of 2016, and some certificates were not issued until 2017. Employees were issued certificates on a guaranteed issue or modified guaranteed issue basis.

Other eligible individuals, such as employee spouses/partners, parents, adult children and retirees (as defined by the group policyholder) primarily enrolled with full medical underwriting.



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The underwriting process for these individuals included an assessment of functional and cognitive abilities at issue ages considered to be appropriate. Various underwriting tools were used, in accordance with our underwriting requirements, including an application, medical records, an attending physician's statement, paramedical exam, telephone interview and/or face-to-face assessment.

## **5. Description of Benefits**

This plan is a Guaranteed Renewable, tax-qualified group long term care insurance policy. This is a comprehensive product with benefits payable on a daily or monthly basis. These forms require an insured to meet benefit eligibility requirements that are triggered by Activities of Daily Living ("ADL") deficiencies or severe cognitive impairment. This plan was offered to employers with both contributory (voluntary) and non-contributory (core) premium options. The range of available daily or monthly benefits, benefit periods, and elimination period and certain benefits and riders were determined by the employer, and the plan design was detailed in the employer's policy. Eligible participants chose amongst the employer's pre-determined available coverage amounts and benefit periods.

The following benefits are included in the certificate:

- Nursing Facility Benefit
- Assisted Living Facility Benefit
- Home and Community Care Benefit
- Home Assistance Benefit
- Hospice Care Benefit
- Respite Care Benefit
- Alternate Care Benefit
- International Coverage Benefit
- Waiver of Premium Benefit
- Contingent Nonforfeiture
- Future Purchase Options Benefit
- Care Coordination Services
- Bed Reservation Benefit

The following benefits and riders are optional:

- Informal Care Benefit -- determined by the employer
- Return of Premium on Death Benefit -- determined by the employer
- Automatic Inflation Protection – Compound Annual Increases
- Automatic Inflation Protection – Compound Annual Increases to Age 70 or Age 75
- Automatic Inflation Protection – Simple Annual Increases
- Automatic Benefit Increase Rider – Age Adjusted Protection: Compound through Age 65 and Simple Thereafter
- Automatic Benefit Increases – Age Adjusted Protection: Ages 61 and 76
- Automatic Benefit Increases – Compound Annual Increases to Age 76 Rider

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- Nonforfeiture Benefit Rider -- determined by the employer or offered as an option to the certificate holder

If an optional Benefit Increase Rider was selected by an eligible individual, the provisions of that rider superseded the Future Purchase Options Benefit.

## **6. Alternatives to the Proposed Rate Increase**

GLIC will offer insureds impacted by rate filings several options for mitigating the impact of the rate increase. These options will be provided in the certificate holder notification letter. In addition, insureds will have the ability to call a dedicated team of customer service representatives that can assist with providing customized quotes for any number of other benefit adjustments.

*Reduced Benefit Options.* Insureds can change any number of benefit features or coverage limits, within the scope of the employer's benefit plan design, in order to maintain reasonably equivalent pre- and post-rate increase premium levels, and the optimal balance of coverage and cost based on their specific needs. The available benefit and rate combinations are consistent with the combinations presented in the rate tables approved by the Department as part of the original filing. To balance coverage and cost considerations, GLIC will offer insureds in their certificate holder notification letter, subject to rate increases on their long term care certificates, up to two customized options to adjust their benefits. These options will reduce the Daily/Monthly Maximum (Facility Care Maximum) amount to 1) fully mitigate the premium increase and 2) mitigate the premium increase by half, unless the existing coverage levels are too low to meet state minimum coverage requirements.

*Other options.* GLIC will offer the applicable nonforfeiture option to each certificate holder. Certificate holders that are eligible for the Contingent Nonforfeiture Option will be presented with that as an option in their notification letter. Certificate holders that have a Nonforfeiture Benefit Rider with their certificate may elect that option. In addition, GLIC will offer an Optional Limited Benefit, already approved for use in Pennsylvania, which provides a paid-up benefit equal to the total of premium paid, less any claims paid if the Contingent Nonforfeiture or Nonforfeiture Benefit Rider are not applicable or viable.

## **7. Premiums**

### **7.1 Renewability**

These certificates are guaranteed renewable for life, as provided for under the terms and conditions of the certificates and the group policy.

### **7.2 Area Factors**

Geographic area factors are not used in rating these certificates.

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**7.3 Premium Classes**

Premium rates are unisex, level and payable for life. The premiums vary by issue age, daily benefit, benefit period, elimination period, inflation protection option, enrollment/marketing strategy, case level underwriting, commissions, employee/employer paid, rate guarantee period and any applicable riders selected.

**7.4 Modalization Rules**

No modal factors were applied to applicable contributions.

**7.5 History of Previous Rate Revisions**

No prior rate increases have been approved in your state.

**7.6 Rate Schedule**

Current rate tables have been included in Appendix A. Corresponding rate tables reflecting the proposed rate increases have been included in Appendix B, attached separately. Please note that actual rates implemented may vary slightly from those set forth in Appendices A and B due to implementation rounding algorithms.

**7.7 Proposed Effective Date**

This rate increase will apply to certificates as soon as administratively possible following a rate increase approval. Certificate holders will be given at least 60-day advance notification of any rate increase. In addition, rate increases will not overlap a group's Future Purchase Options Benefit ("FPO") window. Premium rate increase implementation dates will occur after the FPO window has closed.

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## **8. Actuarial Assumptions**

This filing's assumptions are based on actual GLIC nationwide experience, to the extent they are credible, with adjustments as considered appropriate for future projections, based on expected differences in experience due to either certificate characteristics or underwriting criteria. These are Best Estimate assumptions and do not include any provision for contingency or risk margin.

The actuarial assumptions used to support actuarially justified rate increase filings are materially consistent with those used for GLIC's 2019 Cash Flow Testing ("CFT"), prior to additional Provisions for Adverse Deviation. While base voluntary lapse, mortality, and morbidity assumptions are consistent, some modeling features, such as estimates of policyholder behavior (e.g. benefit reductions) are not identical.

The best estimate assumptions were developed by Genworth's Long Term Care Experience Studies team in collaboration with other Genworth actuaries. Genworth's Assumption Review Committee approved these assumptions. Genworth reviews experience and all assumptions every year in connection with CFT and may obtain third-party reviews when, for example, management considers changes to be material. The 2019 changes to the incidence assumption were reviewed by a national actuarial consulting firm.

In general, the GLIC Employer Group 7046 data is limited, especially at the longest durations and oldest ages. Lapse experience is credible, and the lapse assumptions for this product are based on experience for this product. Mortality, incidence and claim severity experience tends to gain credibility more slowly, so the assumptions for this product are based on experience from GLIC's large individual LTC block, with appropriate adjustments to reflect group differences as discussed below.

Note: GLIC nationwide data includes all the states' data except New York. Genworth nationwide data refers to GLIC nationwide data plus New York data.

### **A. Voluntary Lapse Rates:**

Original: Original assumptions varied by duration and issue age. In addition, lapse rates were increased to reflect claimants that exhaust limited benefit periods.

<b>Lapse Assumptions</b>			
<b>Policy Duration</b>	<b>Issue Ages</b>		
	<b>42</b>	<b>52</b>	<b>62</b>
1	7.5%	6.0%	6.0%
5	6.5%	5.5%	2.5%
10	2.0%	1.5%	1.0%
15	1.5%	1.5%	1.0%
20	1.5%	1.0%	1.0%

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Current Filing: The current best estimate assumption for expected voluntary termination rates for healthy lives was derived from actual GLIC Employer Group 7046 experience. Data through fourth quarter of 2018, with a 6-month lag was used. The 6-month lag allows for a near full reporting of lapses. Healthy lives voluntary termination rates vary by issue age, duration, marital status, underwriting method, inflation protection, and group type (employer paid or employee paid).

The following table is a sample of the healthy lives current lapse rates for cells with guaranteed issue underwriting, no inflation protection option, and employee paid coverage.

<b>Sample Voluntary Lapse Rates – Guaranteed Issue, No BIO, and Employee Paid</b>						
<b>Marital Status</b>	<b>Married</b>			<b>Single</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	7.00%	4.71%	4.09%	9.15%	6.17%	5.35%
<b>2</b>	6.23%	3.31%	2.27%	8.15%	4.33%	2.97%
<b>3</b>	5.19%	3.02%	1.99%	6.80%	3.96%	2.60%
<b>4</b>	4.16%	2.27%	1.33%	5.44%	2.97%	1.74%
<b>5</b>	3.15%	1.67%	1.11%	4.13%	2.19%	1.46%
<b>6</b>	3.09%	1.53%	0.84%	3.98%	1.96%	1.07%
<b>7</b>	3.13%	1.44%	0.84%	3.70%	1.69%	0.98%
<b>8</b>	3.02%	0.85%	0.80%	3.25%	0.91%	0.85%
<b>9</b>	2.13%	0.84%	0.76%	2.21%	0.86%	0.78%
<b>10</b>	2.10%	0.79%	0.72%	2.18%	0.81%	0.74%
<b>11</b>	1.93%	0.75%	0.69%	1.98%	0.77%	0.70%
<b>12</b>	1.77%	0.72%	0.66%	1.79%	0.73%	0.67%
<b>13</b>	1.60%	0.69%	0.64%	1.61%	0.69%	0.64%
<b>14</b>	1.41%	0.64%	0.60%	1.42%	0.64%	0.60%
<b>15</b>	1.23%	0.60%	0.57%	1.23%	0.60%	0.57%
<b>16</b>	1.06%	0.56%	0.53%	1.06%	0.56%	0.53%
<b>17</b>	0.89%	0.52%	0.50%	0.89%	0.52%	0.50%
<b>18</b>	0.73%	0.50%	0.50%	0.73%	0.50%	0.50%
<b>19</b>	0.58%	0.50%	0.50%	0.58%	0.50%	0.50%
<b>20+</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**B. Mortality:**

Original: Original product pricing used the 1994 Group Annuitant Mortality (“GAM”) with selection factors. Mortality rates were increased to recognize claimants that die while on claim.

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Current Filing: The current best estimate assumption for expected mortality rates for healthy lives was derived from actual experience from individual products sold during the same time period due to these products having more mortality experience than the group product. Adjustments for underwriting class and attained age were developed to better fit group experience. Data through fourth quarter of 2018, with a 6-month lag was used to evaluate the fit of the assumption to the group experience. The 6-month lag allows for a near full reporting of deaths. Healthy lives mortality rates vary by issue age, policy duration, gender, and underwriting. Disabled lives mortality rates are excluded from this analysis and are included in claim termination rates below.

The following table below is a sample of the healthy lives current mortality rates for cells with guaranteed issue underwriting, both genders, and issue ages 45, 55 and 65.

<b>Sample Mortality Rates</b>						
<b>Gender</b>	<b>Female</b>			<b>Male</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	0.07%	0.13%	0.20%	0.13%	0.25%	0.39%
<b>2</b>	0.08%	0.15%	0.28%	0.14%	0.28%	0.53%
<b>3</b>	0.08%	0.16%	0.32%	0.14%	0.28%	0.60%
<b>4</b>	0.08%	0.16%	0.35%	0.14%	0.28%	0.65%
<b>5</b>	0.08%	0.16%	0.38%	0.14%	0.28%	0.70%
<b>6</b>	0.08%	0.16%	0.44%	0.14%	0.29%	0.79%
<b>7</b>	0.08%	0.17%	0.49%	0.14%	0.30%	0.87%
<b>8</b>	0.08%	0.18%	0.55%	0.14%	0.31%	0.97%
<b>9</b>	0.09%	0.20%	0.62%	0.16%	0.34%	1.09%
<b>10</b>	0.09%	0.22%	0.70%	0.17%	0.37%	1.20%
<b>11</b>	0.10%	0.28%	0.80%	0.18%	0.48%	1.34%
<b>12</b>	0.11%	0.32%	0.92%	0.20%	0.53%	1.50%
<b>13</b>	0.12%	0.37%	1.08%	0.22%	0.61%	1.70%
<b>14</b>	0.14%	0.43%	1.28%	0.25%	0.71%	1.96%
<b>15</b>	0.16%	0.51%	1.56%	0.29%	0.84%	2.29%
<b>16</b>	0.20%	0.65%	1.92%	0.34%	1.06%	2.71%
<b>17</b>	0.24%	0.80%	2.34%	0.41%	1.30%	3.26%
<b>18</b>	0.30%	1.00%	2.86%	0.49%	1.62%	3.91%
<b>19</b>	0.39%	1.26%	3.50%	0.61%	2.03%	4.64%
<b>20</b>	0.46%	1.46%	4.11%	0.72%	2.46%	5.29%
<b>21</b>	0.59%	1.63%	4.59%	0.95%	2.71%	5.65%
<b>22</b>	0.65%	1.82%	5.12%	1.05%	2.96%	5.99%
<b>23</b>	0.72%	2.02%	5.70%	1.18%	3.21%	6.31%
<b>24</b>	0.78%	2.24%	6.24%	1.31%	3.48%	6.79%

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<b>25</b>	0.85%	2.49%	6.79%	1.46%	3.78%	7.25%
<b>26</b>	0.98%	2.78%	7.49%	1.70%	4.10%	7.84%
<b>27</b>	1.07%	3.10%	8.20%	1.88%	4.42%	8.39%
<b>28</b>	1.20%	3.46%	8.95%	2.08%	4.74%	8.95%
<b>29</b>	1.34%	3.82%	9.49%	2.28%	5.04%	9.49%
<b>30</b>	1.49%	4.22%	9.85%	2.49%	5.35%	9.85%
<b>31</b>	1.65%	4.70%	10.48%	2.73%	5.72%	10.48%
<b>32</b>	1.84%	5.24%	11.07%	2.98%	6.06%	11.07%
<b>33</b>	2.05%	5.81%	11.62%	3.26%	6.40%	11.62%
<b>34</b>	2.29%	6.36%	11.97%	3.54%	6.87%	11.97%
<b>35</b>	2.54%	6.91%	12.36%	3.83%	7.33%	12.41%
<b>36</b>	2.82%	7.58%	13.10%	4.12%	7.89%	13.76%
<b>37</b>	3.13%	8.28%	14.06%	4.44%	8.44%	15.31%
<b>38</b>	3.50%	9.00%	15.28%	4.80%	9.00%	17.03%
<b>39</b>	3.90%	9.50%	16.89%	5.15%	9.50%	18.91%
<b>40</b>	4.35%	9.85%	19.15%	5.48%	9.85%	21.22%
<b>41</b>	4.79%	10.40%	21.92%	5.77%	10.40%	24.78%
<b>42</b>	5.26%	10.95%	25.38%	6.07%	10.95%	29.17%
<b>43</b>	5.85%	11.44%	29.66%	6.43%	11.44%	34.40%
<b>44</b>	6.48%	11.75%	35.14%	6.75%	11.75%	40.62%
<b>45</b>	7.14%	12.07%	42.11%	7.14%	12.17%	48.26%
<b>46</b>	7.74%	12.73%	50.58%	7.74%	13.49%	57.42%
<b>47</b>	8.32%	13.64%	54.44%	8.32%	15.01%	68.64%
<b>48</b>	9.00%	14.79%	58.64%	9.00%	16.70%	73.46%
<b>49</b>	9.70%	16.31%	78.55%	9.70%	18.56%	81.93%
<b>50</b>	10.39%	18.53%	84.67%	10.39%	20.85%	88.30%
<b>51</b>	10.71%	21.28%	91.31%	10.71%	24.35%	95.24%
<b>52</b>	10.75%	24.73%	91.31%	10.75%	28.75%	100%
<b>53</b>	11.07%	29.07%	91.31%	11.07%	33.98%	100%
<b>54</b>	11.34%	34.65%	100%	11.34%	40.22%	100%
<b>55</b>	11.48%	42.01%	100%	11.48%	48.12%	100%
<b>56</b>	11.55%	51.04%	100%	11.55%	57.69%	100%
<b>57</b>	11.80%	55.20%	100%	12.48%	69.53%	100%
<b>58</b>	12.38%	59.73%	100%	14.47%	74.47%	100%
<b>59</b>	13.34%	79.14%	100%	16.98%	81.80%	100%
<b>60</b>	14.88%	85.64%	100%	20.03%	88.32%	100%

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**C. Morbidity:**

The morbidity assumption is composed of three main parts which were developed based primarily on individual GLIC experience - incidence, utilization and claim termination rates. The latter two assumptions are referred to as severity. Claim incidence rates measure the likelihood of a policyholder going on claim. Utilization rates measure the proportion of contractually available benefits that a policyholder uses while on claim, once eligibility requirements have been met. Claim termination rates refers to the length of time that a policyholder stays on claim once benefit eligibility requirements have been met, as measured from the loss date of the claim. Because the benefit utilization and claim termination assumptions vary by original care situs, the morbidity assumption also includes a claim situs mix assumption to split newly incurred claims between Nursing Home ("NH"), Assisted Living Facility ("ALF") and Home Care ("HC") settings.

Original Filing: GLIC did not have significant experience on group long term care before developing this policy. Therefore, original claims costs were developed using industry experience from group policies provided by consultants at LTCG, combined with company LTC data, and actuarial judgment where anticipated benefits and underwriting were different than industry experience.

Current Filing: The three main components of morbidity are incidence, benefit utilization and claim termination rates. The morbidity assumptions were developed based on GLIC individual nationwide experience. All projections are performed from first principles and exhaustions are implicitly recognized.

**1. Incidence Rates:**

The current best estimate assumption for expected incidence rates are derived from actual GLIC individual experience from policies sold during the same time period. Using the individual experience significantly increases the claims experience. Modifiers for differences related to underwriting type and elimination periods were developed to better fit group experience. Data through fourth quarter of 2018 with a 6-month lag was used to evaluate the fit of the assumption. The 6-month lag allows for a near full reporting of claims. Healthy lives incidence rates vary by issue age, policy duration, gender, marital status, and underwriting type.



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The following table is a sample of the healthy lives current incidence rates for insureds with a married status, and guaranteed issue.

<b>Sample Incidence Rates – Married, Guaranteed Issue</b>						
<b>Gender</b>	<b>Female</b>			<b>Male</b>		
<b>Issue Age</b>	<b>45</b>	<b>55</b>	<b>65</b>	<b>45</b>	<b>55</b>	<b>65</b>
<b>Duration</b>						
<b>1</b>	0.02%	0.03%	0.08%	0.02%	0.03%	0.08%
<b>2</b>	0.02%	0.04%	0.12%	0.03%	0.04%	0.12%
<b>3</b>	0.03%	0.05%	0.16%	0.03%	0.05%	0.15%
<b>4</b>	0.03%	0.05%	0.20%	0.03%	0.06%	0.18%
<b>5</b>	0.03%	0.06%	0.25%	0.03%	0.06%	0.22%
<b>6</b>	0.03%	0.07%	0.35%	0.04%	0.07%	0.29%
<b>7</b>	0.03%	0.08%	0.44%	0.04%	0.08%	0.36%
<b>8</b>	0.04%	0.10%	0.56%	0.04%	0.09%	0.45%
<b>9</b>	0.04%	0.12%	0.72%	0.04%	0.11%	0.57%
<b>10</b>	0.05%	0.14%	0.91%	0.05%	0.13%	0.70%
<b>11</b>	0.05%	0.19%	1.23%	0.05%	0.16%	0.96%
<b>12</b>	0.06%	0.22%	1.47%	0.05%	0.19%	1.14%
<b>13</b>	0.06%	0.26%	1.74%	0.05%	0.22%	1.34%
<b>14</b>	0.07%	0.31%	2.03%	0.05%	0.25%	1.55%
<b>15</b>	0.07%	0.36%	2.31%	0.05%	0.28%	1.76%
<b>16</b>	0.08%	0.45%	2.64%	0.06%	0.33%	2.00%
<b>17</b>	0.10%	0.55%	3.06%	0.07%	0.41%	2.38%
<b>18</b>	0.11%	0.67%	3.51%	0.09%	0.50%	2.80%
<b>19</b>	0.14%	0.81%	4.05%	0.12%	0.60%	3.28%
<b>20</b>	0.16%	0.94%	4.66%	0.13%	0.69%	3.78%
<b>21</b>	0.20%	1.17%	5.55%	0.15%	0.87%	4.50%
<b>22</b>	0.23%	1.43%	6.20%	0.17%	1.09%	5.22%
<b>23</b>	0.25%	1.72%	6.90%	0.18%	1.32%	5.98%
<b>24</b>	0.31%	2.02%	7.31%	0.23%	1.55%	6.67%
<b>25</b>	0.36%	2.35%	8.05%	0.28%	1.80%	7.53%
<b>26</b>	0.50%	2.87%	8.89%	0.36%	2.19%	8.40%
<b>27</b>	0.57%	3.36%	9.65%	0.41%	2.64%	9.14%
<b>28</b>	0.64%	3.89%	10.51%	0.46%	3.10%	9.89%
<b>29</b>	0.79%	4.46%	11.10%	0.57%	3.59%	10.55%
<b>30</b>	0.93%	5.09%	11.89%	0.69%	4.09%	11.18%
<b>31</b>	1.18%	6.01%	12.90%	0.89%	4.84%	11.83%
<b>32</b>	1.35%	6.66%	14.03%	1.02%	5.56%	12.30%
<b>33</b>	1.53%	7.37%	15.43%	1.16%	6.32%	12.80%

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<b>34</b>	1.86%	7.75%	17.12%	1.43%	7.00%	13.32%
<b>35</b>	2.22%	8.51%	18.97%	1.71%	7.85%	13.70%
<b>36</b>	2.79%	9.43%	21.28%	2.15%	8.76%	14.07%
<b>37</b>	3.22%	10.26%	22.50%	2.47%	9.53%	14.48%
<b>38</b>	3.69%	11.22%	22.50%	2.81%	10.33%	14.95%
<b>39</b>	4.23%	11.88%	22.50%	3.34%	11.01%	15.51%
<b>40</b>	4.81%	12.78%	22.50%	3.89%	11.69%	16.23%
<b>41</b>	5.67%	13.91%	22.50%	4.66%	12.39%	17.21%
<b>42</b>	6.41%	15.19%	22.50%	5.29%	12.90%	18.77%
<b>43</b>	7.26%	16.77%	22.50%	5.96%	13.46%	21.86%
<b>44</b>	7.91%	18.67%	22.50%	6.71%	14.03%	23.18%
<b>45</b>	8.62%	20.76%	22.50%	7.51%	14.45%	23.18%
<b>46</b>	8.65%	22.62%	22.50%	8.10%	14.88%	23.18%
<b>47</b>	9.32%	22.62%	22.50%	9.03%	15.33%	23.18%
<b>48</b>	10.23%	22.62%	22.50%	10.05%	15.85%	23.18%
<b>49</b>	11.20%	22.62%	22.50%	10.71%	16.46%	23.18%
<b>50</b>	12.35%	22.62%	22.50%	11.40%	17.23%	23.18%
<b>51</b>	13.69%	22.62%	22.50%	12.08%	18.30%	23.18%
<b>52</b>	14.87%	22.62%	22.50%	12.46%	20.05%	23.18%
<b>53</b>	16.31%	22.62%	22.50%	12.84%	23.29%	23.18%
<b>54</b>	18.06%	22.62%	22.50%	13.22%	23.29%	23.18%
<b>55</b>	20.09%	22.62%	22.50%	13.67%	23.29%	23.18%
<b>56</b>	20.09%	22.62%	22.50%	14.16%	23.29%	23.18%
<b>57</b>	20.09%	22.62%	22.50%	14.66%	23.29%	23.18%
<b>58</b>	20.09%	22.62%	22.50%	15.16%	23.29%	23.18%
<b>59</b>	20.09%	22.62%	22.50%	15.72%	23.29%	23.18%
<b>60</b>	20.09%	22.62%	22.50%	16.35%	23.29%	23.18%

**2. Benefit Utilization Rates ("BUR"):**

The BUR is based on a rolling 12 months of paid claim data. The 2019 CFT assumption is consistent with our Disabled Life Reserving assumption used in 3Q2019, except it collapses the variables of diagnosis and daily maximum benefit amount due to modeling constraints.

The assumption is derived from actual Genworth nationwide Long Term Care paid claim experience. The assumption used in GLIC's 2019 CFT is based on claim payment data from 4/1/2018 through 3/31/2019. The utilization rates are segmented by care situs, inflation protection option, benefit period (short-term/mid-term), age at disability and claim duration. The individual assumptions are modified to fit the GLIC Employer Group experience.

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The following table is a sample of existing claims utilization rates for comprehensive coverage with a medium length benefit period and with Future Purchase Option inflation coverage.

<b>Sample Benefit Utilization Rates</b>						
<b>Care Situs</b>	<b>Nursing Home</b>		<b>Assisted Living Facility</b>		<b>Home Care</b>	
<b>Claim Age</b>	<b>70</b>	<b>75</b>	<b>70</b>	<b>75</b>	<b>70</b>	<b>75</b>
<b>Claim Duration</b>						
<b>1</b>	70.54%	78.36%	81.02%	88.10%	39.99%	45.52%
<b>2</b>	70.22%	77.88%	81.19%	88.16%	48.31%	54.92%
<b>3</b>	72.66%	80.67%	75.82%	82.41%	48.62%	55.33%
<b>4</b>	69.08%	76.97%	73.74%	80.43%	51.10%	58.36%
<b>5</b>	64.10%	71.85%	69.67%	76.46%	50.49%	58.01%
<b>6</b>	59.34%	67.08%	65.40%	72.38%	47.95%	55.56%
<b>7+</b>	56.04%	64.05%	62.34%	69.75%	44.73%	52.40%

3. Claim Termination Rates ("CTR"):

The current best estimate assumption for claim termination rates is derived from actual Genworth individual nationwide Long-Term Care experience for the period from inception through fourth quarter 2019, with a 6-month lag. We modify the individual assumptions to fit the GLIC Employer Group experience. We applied adjustment factors of 0.80 to duration 1 rates and 0.95 for durations 2 and later rates.

The assumption for existing GLIC Employer Group 7046 claims recognizes the variables of claim situs, benefit period, gender, claim age, original diagnosis, facility care maximum group and duration. The assumption for future claims recognizes the same variables but collapses the original diagnosis and facility care maximum group variables. High terminations in early claim durations are generally followed by a flattening of the curve as acute disabilities terminate due to death or recovery. The remaining lives are permanent, long-term disabilities where recovery is unlikely. Claim terminations at these longer durations are driven by disabled life mortality rates.

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The following table is a sample of CTR for ALF, female, non-lifetime benefit period, comprehensive coverage, disability age 82, for the first 240 monthly claim durations:

Sample Monthly Claim Termination Rates							
Claim Duration	Rate	Claim Duration	Rate	Claim Duration	Rate	Claim Duration	Rate
1	0.68%	61	2.21%	121	2.65%	181	3.24%
2	0.49%	62	2.21%	122	2.65%	182	3.24%
3	0.42%	63	2.21%	123	2.65%	183	3.24%
4	0.90%	64	2.21%	124	2.65%	184	3.24%
5	1.24%	65	2.21%	125	2.65%	185	3.24%
6	1.16%	66	2.21%	126	2.65%	186	3.24%
7	1.12%	67	2.21%	127	2.65%	187	3.24%
8	1.09%	68	2.21%	128	2.65%	188	3.24%
9	1.05%	69	2.21%	129	2.65%	189	3.24%
10	1.04%	70	2.21%	130	2.65%	190	3.24%
11	1.02%	71	2.21%	131	2.65%	191	3.24%
12	0.95%	72	2.21%	132	2.65%	192	3.24%
13	1.38%	73	2.09%	133	2.81%	193	3.45%
14	1.37%	74	2.09%	134	2.81%	194	3.45%
15	1.37%	75	2.10%	135	2.81%	195	3.45%
16	1.37%	76	2.11%	136	2.81%	196	3.45%
17	1.37%	77	2.12%	137	2.81%	197	3.45%
18	1.37%	78	2.13%	138	2.81%	198	3.45%
19	1.37%	79	2.14%	139	2.81%	199	3.45%
20	1.37%	80	2.15%	140	2.81%	200	3.45%
21	1.37%	81	2.16%	141	2.81%	201	3.45%
22	1.37%	82	2.17%	142	2.81%	202	3.45%
23	1.37%	83	2.18%	143	2.81%	203	3.45%
24	1.37%	84	2.19%	144	2.81%	204	3.45%
25	1.53%	85	2.20%	145	2.95%	205	3.58%
26	1.52%	86	2.21%	146	2.95%	206	3.58%
27	1.52%	87	2.22%	147	2.95%	207	3.58%
28	1.52%	88	2.23%	148	2.95%	208	3.58%
29	1.52%	89	2.24%	149	2.95%	209	3.58%
30	1.52%	90	2.25%	150	2.95%	210	3.58%
31	1.52%	91	2.26%	151	2.95%	211	3.58%
32	1.52%	92	2.28%	152	2.95%	212	3.58%
33	1.52%	93	2.29%	153	2.95%	213	3.58%
34	1.52%	94	2.30%	154	2.95%	214	3.58%

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35	1.52%	95	2.31%	155	2.95%	215	3.58%
36	1.52%	96	2.32%	156	2.95%	216	3.58%
37	1.65%	97	2.33%	157	3.06%	217	3.63%
38	1.65%	98	2.34%	158	3.06%	218	3.63%
39	1.66%	99	2.35%	159	3.06%	219	3.63%
40	1.65%	100	2.37%	160	3.06%	220	3.63%
41	1.65%	101	2.38%	161	3.06%	221	3.63%
42	1.66%	102	2.39%	162	3.06%	222	3.63%
43	1.65%	103	2.40%	163	3.06%	223	3.63%
44	1.66%	104	2.41%	164	3.06%	224	3.63%
45	1.65%	105	2.43%	165	3.06%	225	3.63%
46	1.65%	106	2.44%	166	3.06%	226	3.63%
47	1.65%	107	2.45%	167	3.06%	227	3.63%
48	1.65%	108	2.46%	168	3.06%	228	3.63%
49	2.11%	109	2.58%	169	3.16%	229	3.80%
50	2.11%	110	2.58%	170	3.16%	230	3.80%
51	2.11%	111	2.58%	171	3.16%	231	3.80%
52	2.11%	112	2.58%	172	3.16%	232	3.80%
53	2.11%	113	2.58%	173	3.16%	233	3.80%
54	2.11%	114	2.58%	174	3.16%	234	3.80%
55	2.11%	115	2.58%	175	3.16%	235	3.80%
56	2.11%	116	2.58%	176	3.16%	236	3.80%
57	2.11%	117	2.58%	177	3.16%	237	3.80%
58	2.11%	118	2.58%	178	3.16%	238	3.80%
59	2.11%	119	2.58%	179	3.16%	239	3.80%
60	2.11%	120	2.58%	180	3.16%	240	3.80%

**4. Claim Care Situs Mix:**

The current best estimate assumption for claim situs mix is derived from data from first quarter 2011 through fourth quarter 2017, with a 6-month lag. The situs assumption varies by age at disability and first situs. At the lower attained ages, claims are more likely to be for home health care. At the higher attained ages, claims are more likely to be in facility sities.

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The following table is the situs mix assumption for GLIC Employer Group 7046 for selected ages.

<b>Sample GLIC Employer Group 7046 Situs Mix Rates</b>			
<b>Age at Disability</b>	<b>Home Care</b>	<b>Assisted Living Facility</b>	<b>Nursing Home</b>
65	78.71%	7.81%	13.48%
70	73.34%	10.57%	16.09%
75	67.53%	14.98%	17.50%
80	61.71%	19.10%	19.19%
85	56.79%	22.11%	21.10%
90	53.22%	22.95%	23.84%

**D. Expenses:**

Expenses have not been explicitly projected.

**E. Interest:**

A 4.0% interest rate assumption is used to calculate historical, future and lifetime loss ratios. This is the average statutory valuation interest rate for all GLIC policies issued on this form nationwide.

**9. Development of the Proposed Rate Increase**

In developing the proposed premium rate increase, the following has been considered:

- a. Policy design, underwriting, and claims adjudication practices have been considered;
- b. In order to ensure maximum credibility, exhibits are based on all GLIC nationwide certificates through December 31, 2019 for all Employer Group 7046, excluding the transfer certificates. Projected earned premiums and incurred claims are based on the assumptions described in Section 8 of this actuarial memorandum;
- c. The proposed rate increase has been assumed to be implemented in 2021. Our objective is to get closer to the acceptable maximum lifetime loss ratio of 97.5%. The justified rate increase was calculated to bring the lifetime loss ratio with the current assumption and provision for MAE (10%) closer to the acceptable maximum lifetime loss ratio, in compliance with the 58%/85% premium test defined in the Rate Stability regulation;
- d. Lifetime projections of earned premiums and incurred claims are set forth in Exhibit I. Lifetime projections of earned premiums and incurred claims reflecting the proposed rate increase are set forth in Exhibit II;
- e. Compliance of the 58%/85% premium test defined in the Rate Stability regulation has been verified, as demonstrated in Exhibit III; and
- f. Historical and projected earned premiums and incurred claims include provisions for waiver of premium.

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## **9.1 Calculation of the Lifetime Loss Ratios**

This policy form was sold to over 200 employer groups with varying premiums and original pricing loss ratios due to differing Employer Features Factors, also known as Case Factors, that are applied to their premiums. Variations within the Case Factors exist due to underwriting and other factors but are driven mainly due to differences in commissions. To ensure equitable handling of this block and to maximize the credibility, GLIC calculated the original pricing loss ratio for this block by using the weighted average of premium at issue for all employer groups together. The original pricing loss ratio for all certificates is 88.6%.

Approximately 12.5% of the certificates sold (16.5% of in-force certificates) are transfer certificates, i.e., the certificate holders had certificates under a previous employer group plan issued by another carrier that were transferred to GLIC. The history of these policies along with the other policies that were part of the original group prior to the point of transfer was not transferred to GLIC. Therefore, GLIC has excluded these transfer certificates when calculating the current best estimate loss ratio. The current best estimate loss ratio, excluding transfer cases is 115.6%. Including transfer certificates in the current best-estimate loss ratio would only increase the loss ratio leading to a higher justified rate increase.

## **9.2 New Business Premium Rate Comparison**

GLIC has compared premium rates on the referenced policy forms to the new business rates where the policy characteristics are similar. There are differences in benefits, underwriting and other product features between the Employer Group 7046 products and the product form series GLIC currently offers for sale, Policy Form Number 7053CRT. Where possible, adjustments have been made so that new business comparisons are meaningful. These differences affect the rate comparison in the following ways:

Benefit Differences: Benefit periods of five (5) years or longer were available in Employer Group 7046, are not offered in Policy Form Number 7053CRT (no longer marketed). Policies with these benefit differences are not considered to exceed new business rates.

Underwriting: Product Form Number 7053CRT is subject to several underwriting enhancements that did not apply to Employer Group 7046. While these underwriting enhancements are not directly reflected in benefits, they impact both original and new business pricing. GLIC has made a good faith effort to compare these policies and with an adjustment to reflect the differences in underwriting.

Marketing and Distribution: Employer Group 7046 were sold during the peak years of LTC production when sales and distribution channels were in a growing stage; the current environment is the exact opposite, with decreasing sales and distribution outlets. GLIC's lower ratings today also impact the current distribution and the amount of production of the currently marketed product is an insignificant fraction of the Employer Group 7046 business sold.

The current product that GLIC offers has three Inflation Protection Options (No Benefit Increase Option with FPO, 3% Compound and 5% Compound) and 3 Benefit Periods (2-year, 3-year and 4-year).

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Approximately 65% of Employer Group 7046 certificates fall within these categories and less than 5% of these certificates would have higher premiums than the current product if the rate increase is approved in full. Policy form series 7053CRT was priced with a 5-year benefit period, but marketing of this feature and all longer benefit periods were discontinued in 2016. If we compare premiums on certificates with a 5-year benefit period to the 7053CRT 5-year benefit premiums, 95% of Employer Group 7046 certificates would be included, and approximately 9% of Employer Group 7046 certificates would have higher premium rates than the 7053CRT rates.

In accordance with the Rate Stability regulation and the Long-Term Care Rate Stability Practice Note issued by the American Academy of Actuaries in 2012, we believe the differences noted above sufficiently justify a rate level greater than the new business rates for some of the Employer Group 7046 inforce policies in your State. Since GLIC prioritizes rate sufficiency and company solvency, the greater rate level is required in order to certify that, if experience emerges as expected, no further rate increases are anticipated.

#### **10. Active Life Reserves and Claim Liability Reserves**

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2019, have been discounted to the date of incurral of each respective claim and included in historical incurred claims. Incurred but not reported reserve balances as of December 31, 2019, have been allocated to a calendar year of incurral and included in historical incurred claims.

#### **11. Trend Assumptions**

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

#### **12. Future Rate Increases**

Policies to which this premium rate increase filing applies may also be subject to future additional rate increases if the full amount of the rate increase requested in this filing is not approved or if underlying assumptions are not realized and the future experience exceeds a 10% MAE. We defined "exceeds a 10% margin" as any change that results in a lifetime loss ratio greater than projected in Exhibit II of this memorandum.

#### **13. State Average Annual Premiums Based on Exposed Lives**

	<b>State</b>
<b>Before Proposed Rate Increase</b>	\$1,152
<b>After Proposed Rate Increase</b>	\$1,903



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**14. State and GLIC Nationwide Distribution of Business as of December 31, 2019 (Based on Exposed Lives)**

By Issue Age:

<b>Issue Age</b>	<b>State</b>	<b>Nationwide</b>
<b>&lt;25</b>	0.1%	0.7%
<b>25-29</b>	0.6%	1.5%
<b>30-34</b>	2.5%	2.9%
<b>35-39</b>	6.1%	5.5%
<b>40-44</b>	10.0%	8.5%
<b>45-49</b>	16.9%	13.4%
<b>50-54</b>	24.4%	19.8%
<b>55-59</b>	22.3%	23.2%
<b>60-64</b>	13.5%	17.3%
<b>65-69</b>	2.9%	5.5%
<b>70-74</b>	0.7%	1.3%
<b>75+</b>	0.1%	0.3%

By Elimination Period:

<b>Elimination Period in Days</b>	<b>State</b>	<b>Nationwide</b>
<b>60 days</b>	0.0%	3.8%
<b>90 days</b>	100.0%	96.2%

By Benefit Period:

<b>Benefit Period in Years</b>	<b>State</b>	<b>Nationwide</b>
<b>2-Year</b>	3.4%	8.6%
<b>3-Year</b>	64.6%	56.6%
<b>4-Year</b>	0.5%	0.4%
<b>5-Year</b>	31.5%	32.1%
<b>6-Year or Greater</b>	0.0%	2.2%

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By Inflation Protection Option:

<b>Inflation Protection Option</b>	<b>State</b>	<b>Nationwide</b>
<b>None with Future Purchase Option</b>	77.7%	73.9%
<b>3% Compound</b>	10.0%	15.8%
<b>5% Compound</b>	10.1%	6.2%
<b>5% Compound to 70</b>	0.0%	1.1%
<b>5% Simple</b>	2.1%	3.0%
<b>5% Compound to Age 65 – Simple thereafter</b>	0.0%	0.0%

**15. State and GLIC Nationwide Lives, Premiums and Average Age as of December 31, 2019**

	<b>State</b>	<b>Nationwide</b>
<b>Number of Exposed Lives</b>	3,692	51,805
<b>Inforce Annualized Premium</b>	\$4,254,416	\$55,710,335
<b>Average Issue Age</b>	53	53
<b>Average Attained Age</b>	61	61
<b>Number of Groups</b>	2	201
<b>Number of Transfer Policies</b>	0	8,583

**16. Confidentiality**

Pursuant to 65 P.S. § 67.101 et seq. (the “Right-to-Know Law”), Genworth Life Insurance Company (“GLIC”) respectfully requests that the following sections to be treated as confidential and not subject to disclosure:

Sections 3, 8, 14, Exhibit I, Exhibit II, and Exhibit III of the Actuarial Memorandum. All Additional Exhibits.

The materials sought to be maintained as confidential are referred to as the “GLIC Confidential Materials” herein.

The GLIC Confidential Materials are being filed in connection with GLIC’s request for a rate increase on certain long term care insurance products. However, these materials contain GLIC’s confidential trade secrets, and/or other confidential proprietary information, including but not limited to actuarial formulas, statistics and/or assumptions, which are not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use.

65 P.S. § 67.101(a) sets forth Pennsylvania’s general rule that a public record should generally be available for inspection by members of the public. However, under 65 P.S. § 67.708(b)(11), “trade secrets” and “confidential proprietary information” are explicitly excluded from the list of records that are subject to public disclosure under the Right-to-Know Law. Specifically, § 67.708(b)(11) states as follows:

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(b) Exceptions: Except as provided in subsections (c) and (d) [neither of which apply here], the following are exempt from access by a requester under this act:

(11) A record that constitutes or reveals a trade secret or confidential proprietary information.

In turn, 65 P.S. § 67.102 (the “Definitions” section of the Right-to-Know Law) defines the term “trade secret,” in pertinent part, as follows:

Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that:

(1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 67.102 defines the term “confidential proprietary information” as follows:

Commercial or financial information received by an agency: (1) which is privileged or confidential; and (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Pennsylvania’s insurance laws recognize the confidential nature of actuarial reports, work papers, and other materials supporting an actuarial opinion, and provide that they are not subject to disclosure under the Right-to-Know Law. See 40 P.S. § 443(d)(1)(i).

The GLIC Confidential Materials fall squarely within the disclosure exemptions for “trade secrets” and “confidential proprietary information” embodied within § 67.708(b)(11). In *Christopher M’s Hand Poured Fudge, Inc. v. Hennon*, 699 A.2d 1272 (Pa. Super. Ct. 1997), Pennsylvania’s Superior Court set forth six factors that courts can consider in determining whether information qualifies as a trade secret, including:

(1) the extent to which the information is known outside the owner’s business; (2) the extent to which it is known by employees and others involved in the owner’s business; (3) the extent of measures taken by the owner to guard the secrecy of the information; (4) the value of the information to the owner and to his competitors; (5) the amount of effort or money expended by the owner in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

*Id.* at 1275. Each of these factors, along with the “substantial harm” element of the “confidential proprietary information” definition weighs heavily in favor of maintaining the confidentiality of the GLIC Confidential Materials.

GLIC and its predecessors have been providing long-term care insurance coverage to policyholders for more than 35 years. GLIC’s lengthy experience in the long-term care insurance business has placed it in a unique position in the long-term care insurance marketplace, in that no other long-term care

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insurance carrier has as much experience in that line of business as GLIC and its predecessors. Because GLIC has been marketing long-term care insurance products longer than its competitors, it has been able to accumulate experience-related data that its competitors have not been able to gather. GLIC takes active measures to maintain the secrecy of the information in the GLIC Confidential Materials. Among other measures, GLIC obtains non-disclosure agreements with potential reinsurers before providing those potential reinsurers with any experience-related data. Furthermore, access to the data is limited and available only to employees of GLIC who are deemed likely to need the information in the course of their duties; those employees are subject to non-disclosure agreements under which they agree not to share the information except in furtherance of the business of GLIC.

The GLIC Confidential Materials discuss, among other things, GLIC's assumptions in pricing certain long-term care insurance products, GLIC's proprietary persistency and incurred claims data, and GLIC's policy demographics. In addition to pricing long-term care insurance products, GLIC's extensive data also allows it to effectively manage its policies, by enabling it to accurately set reserves and conduct reliable asset tests. None of this information is available to GLIC's competitors or to the public generally, and it is plainly protectable under the statutes discussed above. See *Giurintano v. Dep't of Gen. Servs.*, 20 A.3d 613, 615-17 & n.5 (Pa. Commw. Ct. 2011) (holding that the identities of interpreters hired by state contractor were excluded from public disclosure under 65 P.S. §67.708(b)(11) because the contractor (a) kept their identities confidential "to protect its investment," (b) the interpreters were "business assets," and (c) disclosing the identities "would cause substantial harm to the [contractor's] competitive position in the industry").

GLIC's accumulation of data over its long duration in the long-term care insurance business has come at a substantial cost. For numerous years, GLIC had to price and manage policies without having the benefit of the extensive data and experience that it now possesses. GLIC endured substantial losses on many of those policies that did not perform as expected, and GLIC has incurred and will continue to incur billions of dollars of claims on these policies.

If the GLIC Confidential Materials are released to the public, GLIC would be deprived of its hard-earned competitive advantage, which would cause substantial harm to the company. GLIC's competitors could use GLIC's data and assumptions to price long-term care insurance policies as well as GLIC, without the work, time, expense, and (most significantly) the previous losses that GLIC incurred. If the GLIC Confidential Materials were disclosed, GLIC's competitors would be permitted to exploit GLIC's hard-earned, proprietary information for their own benefit, and to GLIC's competitive and economic disadvantage. See *Smith Butz, LLC v. Pa. Dep't of Env'tl. Prot.*, \_\_\_ A.3d \_\_\_, 2017 WL 1833472, at \*9 (Pa. Commw. Ct. 2017) (finding that records that would enable the company's competitors to copy valuable and proprietary business methods constituted confidential proprietary information and/or trade secrets). For these reasons, GLIC respectfully submits that the GLIC Confidential Materials are exempt from disclosure pursuant to 65 P.S. §67.708(b)(11), and requests that they be treated as confidential by the Pennsylvania Insurance Department.

This submission contains the complete, unredacted, confidential version of GLIC's Actuarial Memorandum. GLIC has also filed a publicly available version of this Actuarial Memorandum and other exhibits referenced above, which redacts the GLIC Confidential Materials. Because the enclosed actuarial memorandum contains GLIC's actuarial formulas, statistics, and assumptions that are

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confidential, proprietary and competitively sensitive in nature, we request that it not be made available for public access.

**17. Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries' qualification standards for rendering this opinion and am familiar with the requirements for filing for increases in Long-Term Care insurance premiums.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8, 18, 23, 25 and 41.

I have relied on exhibits completed by LTCG which was peer reviewed by other members of their firm using data, assumptions and methodologies provided by GLIC. All future projections included in this memorandum, while based on GLIC's best estimates, are uncertain and may not emerge as expected.

I have relied on statutory valuations as of December 31, 2019, for Claim Reserves (i.e., Disabled Life Reserves, Pending Claims reserves and Incurred But Not Reported reserves) provided by GLIC's Long-Term Care Valuation team.

I have also relied on assumptions developed by GLIC's Long Term Care Experience Studies team in collaboration with other GLIC actuaries, which assumptions were approved by Genworth's Assumption Review Committee. The assumptions present the actuary's best judgement and are consistent with the issuer's business plan at the time of the filing.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of Pennsylvania and the Long-Term Care Insurance regulation. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In my opinion, the rates are not excessive or unfairly discriminatory.



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Shumaila Merchant, F.S.A., M.A.A.A  
Director & Actuary  
Genworth Life Insurance Company  
07/10/2020

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Exhibit I: 7046 Employer Group Policy Forms - Nationwide Experience  
With No Rate Increase\* without MAE

4.00%				
Calendar Year	Earned Premium	Incurred Claims	Loss Ratio	Discount Factor
2005	217,303	0	0.0%	1.7660
2006	1,233,150	0	0.0%	1.6980
2007	1,588,462	754	0.0%	1.6327
2008	2,884,094	102,277	3.5%	1.5699
2009	4,246,315	128,853	3.0%	1.5096
2010	11,333,702	168,227	1.5%	1.4515
2011	18,481,657	1,211,967	6.6%	1.3957
2012	29,171,749	3,075,789	10.5%	1.3420
2013	38,278,850	2,424,045	6.3%	1.2904
2014	40,017,944	2,082,661	5.2%	1.2407
2015	41,183,778	2,958,871	7.2%	1.1930
2016	41,923,400	3,222,618	7.7%	1.1471
2017	41,776,828	4,249,503	10.2%	1.1030
2018	41,542,951	4,906,594	11.8%	1.0606
2019	41,211,412	4,821,099	11.7%	1.0198
2020	41,096,436	7,512,511	18.3%	0.9806
2021	40,442,326	9,160,991	22.7%	0.9429
2022	39,821,353	11,120,473	27.9%	0.9066
2023	39,194,933	13,344,637	34.0%	0.8717
2024	38,550,192	15,797,567	41.0%	0.8382
2025	37,871,988	18,363,719	48.5%	0.8060
2026	37,146,426	21,393,201	57.6%	0.7750
2027	36,365,109	24,962,334	68.6%	0.7452
2028	35,510,571	29,140,615	82.1%	0.7165
2029	34,572,936	33,953,990	98.2%	0.6889
2030	33,544,157	38,930,700	116.1%	0.6624
2031	32,433,781	44,263,263	136.5%	0.6370
2032	31,251,094	49,988,847	160.0%	0.6125
2033	30,007,996	56,008,151	186.6%	0.5889
2034	28,712,941	62,209,534	216.7%	0.5663
2035	27,373,821	68,188,678	249.1%	0.5445
2036	25,998,361	73,952,483	284.5%	0.5235
2037	24,594,420	79,397,441	322.8%	0.5034
2038	23,169,312	84,334,668	364.0%	0.4840
2039	21,732,425	88,872,144	408.9%	0.4654
2040	20,293,963	92,800,948	457.3%	0.4475
2041	18,863,102	95,879,568	508.3%	0.4303
2042	17,450,327	98,097,931	562.2%	0.4138
2043	16,064,800	99,212,733	617.6%	0.3978
2044	14,717,039	99,565,072	676.5%	0.3825
2045	13,417,205	99,278,377	739.9%	0.3678
2046	12,172,924	98,216,688	806.8%	0.3537
2047	10,990,344	96,419,061	877.3%	0.3401
2048	9,873,744	93,608,156	948.1%	0.3270
2049	8,827,299	90,044,692	1020.1%	0.3144
2050	7,854,200	86,046,082	1095.5%	0.3023
2051	6,955,537	81,834,775	1176.5%	0.2907
2052	6,131,351	77,565,929	1265.1%	0.2795
2053	5,380,149	73,068,954	1358.1%	0.2688
2054	4,699,979	68,344,142	1454.1%	0.2584
2055	4,088,474	63,516,821	1553.6%	0.2485
2056	3,542,211	58,749,150	1658.5%	0.2389
2057	3,057,006	54,020,730	1767.1%	0.2297
2058	2,627,720	49,529,940	1884.9%	0.2209
2059	2,249,713	45,432,387	2019.5%	0.2124
2060	1,918,392	41,575,887	2167.2%	0.2042
2061	1,629,277	37,904,691	2326.5%	0.1964
2062	1,378,031	34,446,625	2499.7%	0.1888
2063	1,160,667	31,128,351	2681.9%	0.1816
2064	973,461	28,019,358	2878.3%	0.1746
2065	812,734	25,084,146	3086.4%	0.1679
2066	675,307	22,289,955	3300.7%	0.1614
2067	558,234	19,609,701	3512.8%	0.1552
2068	458,851	17,109,445	3728.8%	0.1492
2069	374,729	14,844,101	3961.3%	0.1435
2070	303,709	12,702,278	4182.4%	0.1380
2071	243,991	10,711,741	4390.2%	0.1327
2072	194,126	8,900,030	4584.7%	0.1276
2073	152,861	7,263,051	4751.4%	0.1227
2074	119,081	5,835,732	4900.6%	0.1179
2075	91,720	4,629,325	5047.2%	0.1134
2076	69,851	3,618,690	5180.6%	0.1090
2077	52,598	2,772,283	5270.7%	0.1049
2078	39,164	2,087,868	5331.1%	0.1008
2079	28,828	1,553,518	5388.9%	0.0969
Accumulated and Present Values as of 12/31/2019				
Past:	425,842,827	34,166,258	8.0%	
Future:	544,647,947	1,087,519,008	199.7%	
Lifetime:	970,490,774	1,121,685,266	115.6%	
Lifetime with MAE:	970,490,774	1,233,853,461	127.1%	

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Exhibit II: 7046 Employer Group Policy Forms - Nationwide Experience  
With Requested 65.1% Rate Increase\* with MAE

Calendar Year	Earned Premium	Incurred Claims	Loss Ratio	4.00% Discount Factor
2005	217,303	0	0.0%	1.7660
2006	1,233,150	0	0.0%	1.6980
2007	1,588,462	754	0.0%	1.6327
2008	2,884,094	102,277	3.5%	1.5699
2009	4,246,315	128,853	3.0%	1.5096
2010	11,333,702	168,227	1.5%	1.4515
2011	18,481,657	1,211,967	6.6%	1.3957
2012	29,171,749	3,075,789	10.5%	1.3420
2013	38,278,850	2,424,045	6.3%	1.2904
2014	40,017,944	2,082,661	5.2%	1.2407
2015	41,183,778	2,958,871	7.2%	1.1930
2016	41,923,400	3,222,618	7.7%	1.1471
2017	41,776,828	4,249,503	10.2%	1.1030
2018	41,542,951	4,906,594	11.8%	1.0606
2019	41,211,412	4,821,099	11.7%	1.0198
2020	41,096,436	8,287,362	20.2%	0.9806
2021	51,405,287	10,234,106	19.9%	0.9429
2022	65,745,053	12,627,159	19.2%	0.9066
2023	64,710,835	15,139,498	23.4%	0.8717
2024	63,646,366	17,907,423	28.1%	0.8382
2025	62,526,652	20,800,626	33.3%	0.8060
2026	61,328,750	24,215,064	39.5%	0.7750
2027	60,038,796	28,232,529	47.0%	0.7452
2028	58,627,953	32,929,282	56.2%	0.7165
2029	57,079,918	38,333,583	67.2%	0.6889
2030	55,381,404	43,912,558	79.3%	0.6624
2031	53,548,173	49,884,278	93.2%	0.6370
2032	51,595,556	56,289,676	109.1%	0.6125
2033	49,543,202	63,016,749	127.2%	0.5889
2034	47,405,066	69,940,011	147.5%	0.5663
2035	45,194,178	76,605,827	169.5%	0.5445
2036	42,923,295	83,023,101	193.4%	0.5235
2037	40,605,388	89,076,122	219.4%	0.5034
2038	38,252,535	94,553,758	247.2%	0.4840
2039	35,880,234	99,578,011	277.5%	0.4654
2040	33,505,333	103,915,899	310.1%	0.4475
2041	31,142,982	107,298,512	344.5%	0.4303
2042	28,810,490	109,716,738	380.8%	0.4138
2043	26,522,985	110,900,597	418.1%	0.3978
2044	24,297,832	111,233,233	457.8%	0.3825
2045	22,151,805	110,853,448	500.4%	0.3678
2046	20,097,497	109,610,227	545.4%	0.3537
2047	18,145,058	107,548,798	592.7%	0.3401
2048	16,301,551	104,361,359	640.2%	0.3270
2049	14,573,871	100,340,200	688.5%	0.3144
2050	12,967,284	95,839,741	739.1%	0.3023
2051	11,483,591	91,107,848	793.4%	0.2907
2052	10,122,860	86,317,270	852.7%	0.2795
2053	8,882,626	81,278,205	915.0%	0.2688
2054	7,759,665	75,991,214	979.3%	0.2584
2055	6,750,071	70,595,901	1045.9%	0.2485
2056	5,848,190	65,272,394	1116.1%	0.2389
2057	5,047,116	59,997,557	1188.7%	0.2297
2058	4,338,366	54,991,193	1267.6%	0.2209
2059	3,714,276	50,425,433	1357.6%	0.2124
2060	3,167,266	46,130,764	1456.5%	0.2042
2061	2,689,937	42,044,958	1563.0%	0.1964
2062	2,275,130	38,198,511	1679.0%	0.1888
2063	1,916,262	34,509,739	1800.9%	0.1816
2064	1,607,185	31,055,367	1932.3%	0.1746
2065	1,341,824	27,795,690	2071.5%	0.1679
2066	1,114,932	24,694,126	2214.9%	0.1614
2067	921,645	21,720,420	2356.7%	0.1552
2068	757,563	18,947,503	2501.1%	0.1492
2069	618,678	16,435,925	2656.6%	0.1435
2070	501,423	14,062,106	2804.4%	0.1380
2071	402,829	11,856,630	2943.3%	0.1327
2072	320,502	9,849,828	3073.2%	0.1276
2073	252,373	8,037,032	3184.6%	0.1227
2074	196,603	6,456,769	3284.2%	0.1179
2075	151,429	5,121,352	3382.0%	0.1134
2076	115,324	4,002,844	3471.0%	0.1090
2077	86,839	3,066,251	3531.0%	0.1049
2078	64,660	2,309,023	3571.0%	0.1008
2079	47,595	1,717,901	3609.4%	0.0969
Accumulated and Present Values as of 12/31/2019				
Past:	425,842,827	34,166,258	8.0%	
Future:	858,492,390	1,217,630,683	141.8%	
Lifetime:	1,284,335,217	1,251,796,940	97.5%	

\*Includes rate increase requested in this filing

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**Exhibit III: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase\* with MAE**  
**58/85 Test**

This exhibit demonstrates compliance with the Rate Stability Regulation which requires that on a lifetime present value basis, incurred claims are at least equal to 58% of original premiums and 85% of increased premiums. This test is satisfied if Line 11 is "True". Note that a provision for Moderately Adverse Experience has been added.

Row	Description	Value
(1)	Accumulated Past Total Premiums Including Rate Increases (Exhibit II):	425,842,827
(2)	Accumulated Past Premiums on Original Rate Basis:	425,842,827
(3)	Accumulated Past Premiums Attributable to Rate Increases: (1) minus (2)	0
(4)	PV Future Total Premiums Including Proposed Rate Increases (Exhibit II):	858,492,390
(5)	PV Future Premiums on Original Rate Basis:	544,647,947
(6)	PV Future Premiums Attributable to Rate Increases: (4) minus (5)	313,844,443
(7)	Accumulated Past Incurred Claims (Exhibit II)	34,166,258
(8)	PV Future Incurred Claims (Exhibit II)	1,217,630,683
(9)	Total Incurred Claims: (7) + (8)	1,251,796,940
(10)	$0.58 \times [(2) + (5)] + 0.85 \times [(3) + (6)] =$	829,652,425
(11)	Test: Is (9) > (10)?	TRUE



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**Policy Form 7046 et al**

**1. Scope of this Filing**

This filing applies to employer groups of the referenced policy form issued in Pennsylvania between October 2007 and May 2017. Form 7046 is also referred to by ("GLIC") as "Employer Group 7046". This form is no longer being sold.

For all certificates issued in Pennsylvania to which the current filing applies, the following table shows the number of exposed lives by certificates issued and certificates inforce as of December 31, 2019.

	<b>Total Lives</b>
<b>Certificate Lives Issued</b>	4,864
<b>Certificate Lives Inforce</b>	3,692

Genworth North America, an insurance holding company which includes Genworth Life Insurance Company among its affiliated insurers, sponsors a long-term care benefit for all employees, most of whom were written under this policy form and are included in this rate increase.

This filing does not apply to coverages issued under policy form 7046 to members of affinity associations, which were sold through individual licensed insurance agents.

**2. Purpose of this Filing**

This actuarial memorandum has been prepared to request and support the approval of a premium rate increase in your state.

In this filing, GLIC requests a premium rate increase of 65.1%, applicable to the base rates and associated riders of all inforce certificates referenced in Section 1 of this actuarial memorandum.

Certificate holders with transfer certificates (See Section 9.1) were given a transfer credit that was proportional to their statutory reserves under the previous employer group plan. Premiums for transfer certificates were calculated at the individual's attained age at the time of the transfer and then the transfer credit was applied. The proposed rate increase will only apply to the original premium and the transfer credit will remain the same.

We demonstrate that the proposed premium rate increase satisfies the minimum requirements of Pennsylvania and the Rate Stability regulation. This actuarial memorandum may not be suitable for other purposes.

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### **3. Justification of the Premium Rate Increase**

Redacted pursuant to Section 16, below.

### **4. Marketing Method and Underwriting Description**

Group policies were established with employer policyholders, by GLIC, either directly with the employer and/or through a benefit administrator or employee benefit broker. Eligible individuals under the auspices of the employer's benefit plan enrolled directly with GLIC, primarily through an enrollment website, and were issued a certificate of coverage. This form was initially marketed to employers in 2005, but no new employer policies have been placed since 2015. New employees of employer group plans issued prior to 2015, could enroll in many of these plans through December of 2016, and some certificates were not issued until 2017. Employees were issued certificates on a guaranteed issue or modified guaranteed issue basis.

Other eligible individuals, such as employee spouses/partners, parents, adult children and retirees (as defined by the group policyholder) primarily enrolled with full medical underwriting.

The underwriting process for these individuals included an assessment of functional and cognitive abilities at issue ages considered to be appropriate. Various underwriting tools were used, in accordance with our underwriting requirements, including an application, medical records, an attending physician's statement, paramedical exam, telephone interview and/or face-to-face assessment.

### **5. Description of Benefits**

This plan is a Guaranteed Renewable, tax-qualified group long term care insurance policy. This is a comprehensive product with benefits payable on a daily or monthly basis. These forms require an insured to meet benefit eligibility requirements that are triggered by Activities of Daily Living ("ADL") deficiencies or severe cognitive impairment. This plan was offered to employers with both contributory (voluntary) and non-contributory (core) premium options. The range of available daily or monthly benefits, benefit periods, and elimination period and certain benefits and riders were determined by the employer, and the plan design was detailed in the employer's policy. Eligible participants chose amongst the employer's pre-determined available coverage amounts and benefit periods.

The following benefits are included in the certificate:

- Nursing Facility Benefit
- Assisted Living Facility Benefit
- Home and Community Care Benefit
- Home Assistance Benefit
- Hospice Care Benefit
- Respite Care Benefit

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- Alternate Care Benefit
- International Coverage Benefit
- Waiver of Premium Benefit
- Contingent Nonforfeiture
- Future Purchase Options Benefit
- Care Coordination Services
- Bed Reservation Benefit

The following benefits and riders are optional:

- Informal Care Benefit -- determined by the employer
- Return of Premium on Death Benefit -- determined by the employer
- Automatic Inflation Protection – Compound Annual Increases
- Automatic Inflation Protection – Compound Annual Increases to Age 70 or Age 75
- Automatic Inflation Protection – Simple Annual Increases
- Automatic Benefit Increase Rider – Age Adjusted Protection: Compound through Age 65 and Simple Thereafter
- Automatic Benefit Increases – Age Adjusted Protection: Ages 61 and 76
- Automatic Benefit Increases – Compound Annual Increases to Age 76 Rider
- Nonforfeiture Benefit Rider -- determined by the employer or offered as an option to the certificate holder

If an optional Benefit Increase Rider was selected by an eligible individual, the provisions of that rider superseded the Future Purchase Options Benefit.

## **6. Alternatives to the Proposed Rate Increase**

GLIC will offer insureds impacted by rate filings several options for mitigating the impact of the rate increase. These options will be provided in the certificate holder notification letter. In addition, insureds will have the ability to call a dedicated team of customer service representatives that can assist with providing customized quotes for any number of other benefit adjustments.

*Reduced Benefit Options.* Insureds can change any number of benefit features or coverage limits, within the scope of the employer's benefit plan design, in order to maintain reasonably equivalent pre- and post-rate increase premium levels, and the optimal balance of coverage and cost based on their specific needs. The available benefit and rate combinations are consistent with the combinations presented in the rate tables approved by the Department as part of the original filing. To balance coverage and cost considerations, GLIC will offer insureds in their certificate holder notification letter, subject to rate increases on their long term care certificates, up to two customized options to adjust their benefits. These options will reduce the Daily/Monthly Maximum (Facility Care Maximum) amount to 1) fully mitigate the premium increase and 2) mitigate the premium increase by half, unless the existing coverage levels are too low to meet state minimum coverage requirements.

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*Other options.* GLIC will offer the applicable nonforfeiture option to each certificate holder. Certificate holders that are eligible for the Contingent Nonforfeiture Option will be presented with that as an option in their notification letter. Certificate holders that have a Nonforfeiture Benefit Rider with their certificate may elect that option. In addition, GLIC will offer an Optional Limited Benefit, already approved for use in Pennsylvania, which provides a paid-up benefit equal to the total of premium paid, less any claims paid if the Contingent Nonforfeiture or Nonforfeiture Benefit Rider are not applicable or viable.

## **7. Premiums**

### **7.1 Renewability**

These certificates are guaranteed renewable for life, as provided for under the terms and conditions of the certificates and the group policy.

### **7.2 Area Factors**

Geographic area factors are not used in rating these certificates.

### **7.3 Premium Classes**

Premium rates are unisex, level and payable for life. The premiums vary by issue age, daily benefit, benefit period, elimination period, inflation protection option, enrollment/marketing strategy, case level underwriting, commissions, employee/employer paid, rate guarantee period and any applicable riders selected.

### **7.4 Modalization Rules**

No modal factors were applied to applicable contributions.

### **7.5 History of Previous Rate Revisions**

No prior rate increases have been approved in your state.

### **7.6 Rate Schedule**

Current rate tables have been included in Appendix A. Corresponding rate tables reflecting the proposed rate increases have been included in Appendix B, attached separately. Please note that actual rates implemented may vary slightly from those set forth in Appendices A and B due to implementation rounding algorithms.

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## **7.7 Proposed Effective Date**

This rate increase will apply to certificates as soon as administratively possible following a rate increase approval. Certificate holders will be given at least 60-day advance notification of any rate increase. In addition, rate increases will not overlap a group's Future Purchase Options Benefit ("FPO") window. Premium rate increase implementation dates will occur after the FPO window has closed.

## **8. Actuarial Assumptions**

Redacted pursuant to Section 16, below.

## **9. Development of the Proposed Rate Increase**

In developing the proposed premium rate increase, the following has been considered:

- a. Policy design, underwriting, and claims adjudication practices have been considered;
- b. In order to ensure maximum credibility, exhibits are based on all GLIC nationwide certificates through December 31, 2019 for all Employer Group 7046, excluding the transfer certificates. Projected earned premiums and incurred claims are based on the assumptions described in Section 8 of this actuarial memorandum;
- c. The proposed rate increase has been assumed to be implemented in 2021. Our objective is to get closer to the acceptable maximum lifetime loss ratio of 97.5%. The justified rate increase was calculated to bring the lifetime loss ratio with the current assumption and provision for MAE (10%) closer to the acceptable maximum lifetime loss ratio, in compliance with the 58%/85% premium test defined in the Rate Stability regulation;
- d. Lifetime projections of earned premiums and incurred claims are set forth in Exhibit I. Lifetime projections of earned premiums and incurred claims reflecting the proposed rate increase are set forth in Exhibit II;
- e. Compliance of the 58%/85% premium test defined in the Rate Stability regulation has been verified, as demonstrated in Exhibit III; and
- f. Historical and projected earned premiums and incurred claims include provisions for waiver of premium.

### **9.1 Calculation of the Lifetime Loss Ratios**

This policy form was sold to over 200 employer groups with varying premiums and original pricing loss ratios due to differing Employer Features Factors, also known as Case Factors, that are applied to their premiums. Variations within the Case Factors exist due to underwriting and other factors but are driven mainly due to differences in commissions. To ensure equitable handling of this block and to maximize the credibility, GLIC calculated the original pricing loss ratio for this block by using the weighted average of premium at issue for all employer groups together. The original pricing loss ratio for all certificates is 88.6%.

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Approximately 12.5% of the certificates sold (16.5% of in-force certificates) are transfer certificates, i.e., the certificate holders had certificates under a previous employer group plan issued by another carrier that were transferred to GLIC. The history of these policies along with the other policies that were part of the original group prior to the point of transfer was not transferred to GLIC. Therefore, GLIC has excluded these transfer certificates when calculating the current best estimate loss ratio. The current best estimate loss ratio, excluding transfer cases is 115.6%. Including transfer certificates in the current best-estimate loss ratio would only increase the loss ratio leading to a higher justified rate increase.

## **9.2 New Business Premium Rate Comparison**

GLIC has compared premium rates on the referenced policy forms to the new business rates where the policy characteristics are similar. There are differences in benefits, underwriting and other product features between the Employer Group 7046 products and the product form series GLIC currently offers for sale, Policy Form Number 7053CRT. Where possible, adjustments have been made so that new business comparisons are meaningful. These differences affect the rate comparison in the following ways:

Benefit Differences: Benefit periods of five (5) years or longer were available in Employer Group 7046, are not offered in Policy Form Number 7053CRT (no longer marketed). Policies with these benefit differences are not considered to exceed new business rates.

Underwriting: Product Form Number 7053CRT is subject to several underwriting enhancements that did not apply to Employer Group 7046. While these underwriting enhancements are not directly reflected in benefits, they impact both original and new business pricing. GLIC has made a good faith effort to compare these policies and with an adjustment to reflect the differences in underwriting.

Marketing and Distribution: Employer Group 7046 were sold during the peak years of LTC production when sales and distribution channels were in a growing stage; the current environment is the exact opposite, with decreasing sales and distribution outlets. GLIC's lower ratings today also impact the current distribution and the amount of production of the currently marketed product is an insignificant fraction of the Employer Group 7046 business sold.

The current product that GLIC offers has three Inflation Protection Options (No Benefit Increase Option with FPO, 3% Compound and 5% Compound) and 3 Benefit Periods (2-year, 3-year and 4-year). Approximately 65% of Employer Group 7046 certificates fall within these categories and less than 5% of these certificates would have higher premiums than the current product if the rate increase is approved in full. Policy form series 7053CRT was priced with a 5-year benefit period, but marketing of this feature and all longer benefit periods were discontinued in 2016. If we compare premiums on certificates with a 5-year benefit period to the 7053CRT 5-year benefit premiums, 95% of Employer Group 7046 certificates would be included, and approximately 9% of Employer Group 7046 certificates would have higher premium rates than the 7053CRT rates.

In accordance with the Rate Stability regulation and the Long-Term Care Rate Stability Practice Note issued by the American Academy of Actuaries in 2012, we believe the differences noted above sufficiently

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justify a rate level greater than the new business rates for some of the Employer Group 7046 inforce policies in your State. Since GLIC prioritizes rate sufficiency and company solvency, the greater rate level is required in order to certify that, if experience emerges as expected, no further rate increases are anticipated.

### **10. Active Life Reserves and Claim Liability Reserves**

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2019, have been discounted to the date of incurral of each respective claim and included in historical incurred claims. Incurred but not reported reserve balances as of December 31, 2019, have been allocated to a calendar year of incurral and included in historical incurred claims.

### **11. Trend Assumptions**

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

### **12. Future Rate Increases**

Policies to which this premium rate increase filing applies may also be subject to future additional rate increases if the full amount of the rate increase requested in this filing is not approved or if underlying assumptions are not realized and the future experience exceeds a 10% MAE. We defined “exceeds a 10% margin” as any change that results in a lifetime loss ratio greater than projected in Exhibit II of this memorandum.

### **13. State Average Annual Premiums Based on Exposed Lives**

	State
<b>Before Proposed Rate Increase</b>	\$1,152
<b>After Proposed Rate Increase</b>	\$1,903

### **14. State and GLIC Nationwide Distribution of Business as of December 31, 2019 (Based on Exposed Lives)**

Redacted pursuant to Section 16, below.

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**15. State and GLIC Nationwide Lives, Premiums and Average Age as of December 31, 2019**

	<b>State</b>	<b>Nationwide</b>
<b>Number of Exposed Lives</b>	3,692	51,805
<b>Inforce Annualized Premium</b>	\$4,254,416	\$55,710,335
<b>Average Issue Age</b>	53	53
<b>Average Attained Age</b>	61	61
<b>Number of Groups</b>	2	201
<b>Number of Transfer Policies</b>	0	8,583

**16. Confidentiality**

Pursuant to 65 P.S. § 67.101 et seq. (the “Right-to-Know Law”), Genworth Life Insurance Company (“GLIC”) respectfully requests that the following sections to be treated as confidential and not subject to disclosure:

Sections 3, 8, 14, Exhibit I, Exhibit II, and Exhibit III of the Actuarial Memorandum. All Additional Exhibits.

The materials sought to be maintained as confidential are referred to as the “GLIC Confidential Materials” herein.

The GLIC Confidential Materials are being filed in connection with GLIC’s request for a rate increase on certain long term care insurance products. However, these materials contain GLIC’s confidential trade secrets, and/or other confidential proprietary information, including but not limited to actuarial formulas, statistics and/or assumptions, which are not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use.

65 P.S. § 67.101(a) sets forth Pennsylvania’s general rule that a public record should generally be available for inspection by members of the public. However, under 65 P.S. § 67.708(b)(11), “trade secrets” and “confidential proprietary information” are explicitly excluded from the list of records that are subject to public disclosure under the Right-to-Know Law. Specifically, § 67.708(b)(11) states as follows:

(b) Exceptions: Except as provided in subsections (c) and (d) [neither of which apply here], the following are exempt from access by a requester under this act:

(11) A record that constitutes or reveals a trade secret or confidential proprietary information.

In turn, 65 P.S. § 67.102 (the “Definitions” section of the Right-to-Know Law) defines the term “trade secret,” in pertinent part, as follows:

Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that:



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(1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 67.102 defines the term “confidential proprietary information” as follows:

Commercial or financial information received by an agency: (1) which is privileged or confidential; and (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Pennsylvania’s insurance laws recognize the confidential nature of actuarial reports, work papers, and other materials supporting an actuarial opinion, and provide that they are not subject to disclosure under the Right-to-Know Law. See 40 P.S. § 443(d)(1)(i).

The GLIC Confidential Materials fall squarely within the disclosure exemptions for “trade secrets” and “confidential proprietary information” embodied within § 67.708(b)(11). In *Christopher M’s Hand Poured Fudge, Inc. v. Hennon*, 699 A.2d 1272 (Pa. Super. Ct. 1997), Pennsylvania’s Superior Court set forth six factors that courts can consider in determining whether information qualifies as a trade secret, including:

(1) the extent to which the information is known outside the owner’s business; (2) the extent to which it is known by employees and others involved in the owner’s business; (3) the extent of measures taken by the owner to guard the secrecy of the information; (4) the value of the information to the owner and to his competitors; (5) the amount of effort or money expended by the owner in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

*Id.* at 1275. Each of these factors, along with the “substantial harm” element of the “confidential proprietary information” definition weighs heavily in favor of maintaining the confidentiality of the GLIC Confidential Materials.

GLIC and its predecessors have been providing long-term care insurance coverage to policyholders for more than 35 years. GLIC’s lengthy experience in the long-term care insurance business has placed it in a unique position in the long-term care insurance marketplace, in that no other long-term care insurance carrier has as much experience in that line of business as GLIC and its predecessors. Because GLIC has been marketing long-term care insurance products longer than its competitors, it has been able to accumulate experience-related data that its competitors have not been able to gather. GLIC takes active measures to maintain the secrecy of the information in the GLIC Confidential Materials. Among other measures, GLIC obtains non-disclosure agreements with potential reinsurers before providing those potential reinsurers with any experience-related data. Furthermore, access to the data is limited and available only to employees of GLIC who are deemed likely to need the information in the course of their duties; those employees are subject to non-disclosure agreements under which they agree not to share the information except in furtherance of the business of GLIC.

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The GLIC Confidential Materials discuss, among other things, GLIC's assumptions in pricing certain long-term care insurance products, GLIC's proprietary persistency and incurred claims data, and GLIC's policy demographics. In addition to pricing long-term care insurance products, GLIC's extensive data also allows it to effectively manage its policies, by enabling it to accurately set reserves and conduct reliable asset tests. None of this information is available to GLIC's competitors or to the public generally, and it is plainly protectable under the statutes discussed above. See *Giurintano v. Dep't of Gen. Servs.*, 20 A.3d 613, 615-17 & n.5 (Pa. Commw. Ct. 2011) (holding that the identities of interpreters hired by state contractor were excluded from public disclosure under 65 P.S. §67.708(b)(11) because the contractor (a) kept their identities confidential "to protect its investment," (b) the interpreters were "business assets," and (c) disclosing the identities "would cause substantial harm to the [contractor's] competitive position in the industry").

GLIC's accumulation of data over its long duration in the long-term care insurance business has come at a substantial cost. For numerous years, GLIC had to price and manage policies without having the benefit of the extensive data and experience that it now possesses. GLIC endured substantial losses on many of those policies that did not perform as expected, and GLIC has incurred and will continue to incur billions of dollars of claims on these policies.

If the GLIC Confidential Materials are released to the public, GLIC would be deprived of its hard-earned competitive advantage, which would cause substantial harm to the company. GLIC's competitors could use GLIC's data and assumptions to price long-term care insurance policies as well as GLIC, without the work, time, expense, and (most significantly) the previous losses that GLIC incurred. If the GLIC Confidential Materials were disclosed, GLIC's competitors would be permitted to exploit GLIC's hard-earned, proprietary information for their own benefit, and to GLIC's competitive and economic disadvantage. See *Smith Butz, LLC v. Pa. Dep't of Env'tl. Prot.*, \_\_\_ A.3d \_\_\_, 2017 WL 1833472, at \*9 (Pa. Commw. Ct. 2017) (finding that records that would enable the company's competitors to copy valuable and proprietary business methods constituted confidential proprietary information and/or trade secrets). For these reasons, GLIC respectfully submits that the GLIC Confidential Materials are exempt from disclosure pursuant to 65 P.S. §67.708(b)(11), and requests that they be treated as confidential by the Pennsylvania Insurance Department.

This submission contains the publicly available version of this Actuarial Memorandum and other exhibits referenced above, which redacts the GLIC Confidential Materials. A complete, unredacted, confidential version of GLIC's Actuarial Memorandum has been filed separately.

**Genworth Life Insurance Company**  
**Address: 6620 West Broad Street, Richmond, VA 23230**  
**Company NAIC No: 70025**

**Actuarial Memorandum**  
**July 2020**

**PUBLIC**

**17. Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries' qualification standards for rendering this opinion and am familiar with the requirements for filing for increases in Long-Term Care insurance premiums.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8, 18, 23, 25 and 41.

I have relied on exhibits completed by LTCG which was peer reviewed by other members of their firm using data, assumptions and methodologies provided by GLIC. All future projections included in this memorandum, while based on GLIC's best estimates, are uncertain and may not emerge as expected.

I have relied on statutory valuations as of December 31, 2019, for Claim Reserves (i.e., Disabled Life Reserves, Pending Claims reserves and Incurred But Not Reported reserves) provided by GLIC's Long-Term Care Valuation team.

I have also relied on assumptions developed by GLIC's Long Term Care Experience Studies team in collaboration with other GLIC actuaries, which assumptions were approved by Genworth's Assumption Review Committee. The assumptions present the actuary's best judgement and are consistent with the issuer's business plan at the time of the filing.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of Pennsylvania and the Long-Term Care Insurance regulation. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In my opinion, the rates are not excessive or unfairly discriminatory.



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Shumaila Merchant, F.S.A., M.A.A.A  
Director & Actuary  
Genworth Life Insurance Company  
07/10/2020

**Genworth Life Insurance Company**  
**Address: 6620 West Broad Street, Richmond, VA 23230**  
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**Exhibit I: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With No Rate Increase\* without MAE**

Redacted pursuant to Section 16, above.

**Exhibit II: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase\* with MAE**

Redacted pursuant to Section 16, above.

**Exhibit III: 7046 Employer Group Policy Forms - Nationwide Experience**  
**With Requested 65.1% Rate Increase with MAE 58/85 Test**

Redacted pursuant to Section 16, above.